

PITMAN'S
BUSINESS MAN'S
ENCYCLOPAEDIA
AND DICTIONARY OF COMMERCE

THIRD REVISED AND ENLARGED EDITION

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"Company Accounts," "Guide for the Company Secretary," etc

WITH NUMEROUS MAPS, ILLUSTRATIONS, FACSIMILE
BUSINESS FORMS AND LEGAL DOCUMENTS, DIAGRAMS, ETC



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PITMAN'S

BUSINESS MAN'S ENCYCLOPAEDIA

AND

DICTIONARY OF COMMERCE

[CON]

CONTINGENT SURVIVORSHIP ASSURANCE.—A policy payable in the event of the death of a person during the lifetime of another person is called a Contingent Survivorship Assurance—or, sometimes, simply a Survivorship Assurance. The person on whose death the policy is payable is called the life assured and the other is called the counter life. If the latter should die first, the policy lapses and all premiums paid are forfeited. Such policies are often required in connection with the purchase of, or loans on, reversionary interests, where the purchaser's or lender's security would disappear if the vendor or borrower (*i.e.*, the life assured) should predecease the life-tenant (*i.e.*, the counter life). There are other classes of policies under this head involving more than two lives and providing for various complicated contingencies, such as the order in which the lives fall. These policies are always non-profit and carry no surrender value.

CONTINUATION CLAUSE.—"Should the vessel, at the expiry of this policy, be at sea or in distress, or at a port of refuge or of call, she shall, provided previous notice be given to the underwriters, be held covered at a *pro rata* monthly premium, to her port of destination."

This clause appears in all standard marine insurance policies for the coverage of the hulls of vessels and allied interests for periods of time. Its object is to protect the shipowner against difficulty in renewing cover at the expiry of the policy term, which, by the Stamp Act, 1891, may not exceed twelve months' duration. The extension of the risk on the operation of the clause is considered to be a new contract, and a separate policy is sometimes issued, although the more usual practice is to extend the original policy by indorsement. The Finance Act, 1901, validates the use of the clause, but an additional duty of 6d. in full is requisite, and should the clause become operative, the full extra duty required by the extension must be paid.

CONTINUATION DAY.—(See CONTANGO DAY.)

CONTINUATION SCHOOLS.—The evening school, as at present known, was originally started by the managers of the various voluntary schools belonging to different denominations. The State did not take any interest in the education of the people until 1870, when an Act was passed to provide for public elementary education in England and Wales. In 1889 an Act was passed to facilitate the provision of technical instruction. It gave the local authority power to supply technical or manual instruction

as the authority might think expedient. Technical instruction is defined as "instruction in the principles of science and art applicable to industries, and in the application of special branches of science and art to specific industries or employments."

In the year 1902 a far-reaching Education Act was passed, which constituted the council of every county, and of every county borough, the local education authority. The county, or the county borough, was entrusted with the control of education, both elementary and other than elementary. "Other than elementary" means the supply of what is known as secondary or higher education. Parliament placed in the hands of the Education Authority a certain sum of money derived from taxation, and the local education authority could also raise money out of the rates. It has been with this fund that the local education authority has carried on continuation schools, or evening schools, to which scholars of both sexes might come and continue the studies which they left off when they left the public elementary school, or any other school.

The central authority, which governs all local authorities in the matter of elementary and higher public education, is the Board of Education. This Board makes grants of money from time to time to the local education authorities for the purpose of carrying on evening or continuation schools.

Many examples might be given of schools where evening education is carried on, and where many hundreds of youths of both sexes, as well as men and women of mature age, pursue their nightly studies during the autumn, winter, and spring sessions. The fee which each student pays is quite nominal; the teaching staff consists of highly-trained persons, many of them possessing University degrees, appliances are sometimes provided free for use, including exercise books. Most of the students are engaged in earning their living in the daytime, and they spend their evenings in self-improvement. Various examinations are held, and certificates often granted. These certificates are highly valued by both students and employers, and the possession of them is always of advantage to the student, for they are a proof to the employer that the holder is a person who deserves encouragement by increase of salary and a position of greater trust.

The list of subjects taught in a London continuation school will be mentioned below, and will indicate what has been taught in evening schools all over England and Wales. Special subjects are

taught in each school, suited to the district in which the school is situated, *e.g.*, in an agricultural district, agriculture and horticulture will be special courses, in a manufacturing district, chemistry as applied to dyeing, metallurgy and mineralogy as applied to the working of the metals and minerals of the district.

The following is the list of subjects given in the prospectus of a typical school. Drawing, including principles of ornament, repoussé, gold and silversmith's work, woodcarving, gilding, wall papers, book covers, art needlework, modelling, furniture designing, building construction, botany, chemistry, geometry, horticulture, hygiene, mathematics, magnetism and electricity, machine construction, drawing office practice, mechanics, physiology, English, dramatic reading and elocution, French, German, Spanish, Italian, Latin, shorthand, book-keeping, accountancy, business methods, banking, commercial law, Local Government law, geography, history, economics, commerce, Civil Service course, typewriting, arithmetic, commercial correspondence, photography, millinery, first aid, infant care, wood work, metal work, vocal music, gymnastics, violin, swimming.

The fees charged vary according to the subject taken and the age of the student. If students cannot pay the fee, they will be admitted free in suitable cases. In London, day school leavers are admitted free.

During the past few years the development of evening education has been remarkable, and a large number of the continuation schools have developed into "Commercial Institutes," presided over and staffed by a body which is ever becoming more and more efficient.

The foregoing is a brief account of continuation schools in the past. The passing of the Education Act, 1918, however, commenced a new era since provision was made therein for the setting up of day continuation schools. The provisions of this Act have been consolidated in the Education Act, 1921, and full particulars will be found in Sections 75-79. Although powers are given for the establishment of day continuation schools on a very sound basis, the clauses of the Act have not yet been put into operation. An attempt was made by the London County Council to open compulsory continuation schools, but for financial reasons the scheme became abortive. Voluntary schools under the Act are in successful operation in the county of London, but these are on a vocational basis entirely different from the conception which the Council had first held when the compulsory schools were opened.

Provision is made in the Act for young persons between the ages of 14 and 16 to attend for 320 hours in each year, with the option for the first seven years of limiting the number of hours to 280. Certain exemptions are allowed, but apart from these, powers are given to enforce attendance.

CONTRA.—Latin, "against," on the other side."

CONTRABAND.—Contraband is a term generally given to illegal traffic. The general freedom of neutral commerce with the respective belligerent powers is subject to certain exceptions. Among these is the trade with the enemy in certain articles called contraband of war. The almost unanimous authority of writers on international law, of prize ordinances, and of treaties, agree to enumerate among these all warlike instruments or materials which are by their own nature fit to be used in war. Beyond these, there is some difficulty in reconciling

the conflicting authorities derived from the opinions of public jurists, the fluctuating usage among nations, and the text of various conventions designed to give the usage that fixed form of positive law. The privilege has never been denied to a belligerent of intercepting the access to his enemy of such commodities as are capable of being immediately used in the prosecution of hostilities against himself; but at no time has opinion been unanimous as to what articles ought to be ranked as being of this nature, and no distinct and binding usage has hitherto been formed, except with regard to a very restricted class. The practice of different nations has been generally determined by their maritime strength, and by the degree of convenience which they have found in multiplying articles, the free importation of which they have wished to secure for themselves or to deny to their enemy. Frequently, they have endeavoured by their treaties to secure immunity for their own commerce when neutral, and have extended the list of prohibited articles by proclamation so soon as they became belligerent.

The following goods have been held to be always contraband by the English Prize Courts: Arms of all kinds, and machinery for manufacturing arms, ammunition, and materials for ammunition, including lead, sulphate of potash, muriate of potash, chlorate of potash, and nitrate of soda, gunpowder and its materials, saltpetre and brimstone, also gun cotton, military equipments and clothing, and military stores. Naval stores, such as masts, spars, rudders, and ship timber, hemp, cordage, sailcloth, pitch and tar, and copper fit for sheathing vessels. Marine engines and the component parts thereof, including screw propellers, paddle-wheels, cylinders, cranks, shafts, boilers, tubes for boilers, boiler plates, and fire-bars; marine cement and the materials used in the manufacture of it, as blue lias and Portland cement, iron in any of the following forms: anchors, rivet-iron, angle-iron, round bars of from three-quarters to five-eighths of an inch in diameter, rivets, strips of iron, sheet plate-iron exceeding one-quarter of an inch, and bow moor and bowing plates.

The following articles have been held to be contraband when the circumstances showed that they were probably intended to be applied to warlike purposes: Provisions and liquors fit for the consumption of the army or navy, money; telegraphic materials, such as wire, porous cups, platina, sulphuric acid, and zinc; materials for the construction of a railway, as iron bars, sleepers; hay, horses, rosin, tallow, and timber.

During the Franco-German war of 1870, England considered that the character of coal should be determined by its destination, and vessels were prohibited from sailing from British ports with supplies directly consigned to the French fleet in the North Sea. In 1884 Russia declared that she would "categorically refuse her consent to any articles in any treaty, convention, or instrument whatever which would imply" the recognition of coal as contraband of war. The Russian regulations, however, in the Russo-Japanese war declared coal to be absolute contraband. The Japanese declaration treated it as being only conditional contraband. "Detention of provisions," says Hall (*Int. Law*, 5th ed. ¶ 664), "is almost always unjustifiable, simply because no certainty can be arrived at as to the use which will be made of them; so soon as certainty is in fact established, they and everything

else, which directly and to an important degree contribute to make an armed force mobile, become rightly liable to seizure. They are not less noxious than arms; but, except in a particular juncture of circumstances, their noxiousness cannot be proved."

The British and American Governments made vigorous protests against the Russian declarations at the commencement of the Russo-Japanese war, which included provisions in the list of absolute contraband, and accordingly food was relegated to the category of conditional contraband. It is usual at the outbreak of war to issue instructions specifying the articles which will be considered as contraband, and this furnishes neutrals with an opportunity of protesting, if need be, against the inclusion of any articles, the prohibition of which would be unjustifiably detrimental to their trade.

Trade between neutrals has a *prima facie* right to go on, in spite of war, without molestation; but if the ultimate destination of goods, though shipped first to a neutral port, is the enemy's territory, then, according to the doctrine of "continuous voyages," the goods may be treated as if they had been shipped to the enemy's territory direct.

At the Conference of London (see DECLARATION OF LONDON) there was a very general feeling that the establishment of a strictly defined and generally recognised list of contraband articles would be infinitely preferable to a continuance of the uncertainty which had resulted from the conflicting claims and the varying practice of different nations. Three lists were accordingly drawn up, specifying (a) everything that may be treated as absolute contraband, (b) the kind of goods which may become conditional contraband; (c) a number of articles which shall in no case be declared contraband.

Every article of contraband, by the law of nations, is liable to confiscation; a distinction, however, is made in favour of articles conditionally so. These are subject to pre-emption only.

By Section 38 of 27 and 28 Vict. c. 25, it is provided as follows—

"Where a ship of a foreign nation passing the seas laden with naval or victualing stores intended to be carried to a port of any enemy of Her Majesty, is taken and brought into a port of the United Kingdom, and the purchase for the service of Her Majesty, of the stores on board the ship, appears to the Lords of the Admiralty expedient without the condemnation thereof in a Prize Court, in that case the Lords of the Admiralty may purchase, on the account or for the services of Her Majesty, all or any of the stores on board the ship, and the Commissioners of Customs may permit the stores purchased to be entered and landed within any port."

The English practice is to purchase at the market value, adding 10 per cent for profit.

The above was written for the first edition of the present work and in the light of the customs of war which were supposed to prevail in 1912. The great struggle of 1914-18, revolutionised all ideas as to warfare waged on the high seas, and it will take some years to enable the civilised powers of the world to enunciate the principles of international law upon this subject which will be considered binding in the future.

CONTRA BONOS MORES.—A Latin phrase meaning "against good morals." The courts will not give effect to a contract which is contrary to accepted moral standards.

CONTRACT.—The contract is the basis of all commerce. There have been many attempts to define a contract. Reduced to its simplest form, it is a promise which is enforceable by legal proceedings, or, to amplify that a little, a contract is an agreement whereby a person freely promises to do or to abstain from doing some possible act, and is legally bound or liable for the fulfilment of that promise to the person to whom it is made. There must be at least two parties to a contract, namely, the person who promises, and the person to whom the promise is made. The former must be a definite, ascertained, and existing person or legal entity; the latter must be a person or entity in existence when the promise is made, but need not be specifically known to or ascertained by the promisor at that moment. Thus, A may promise B, and he may also promise to do something for or to give something to any person, whoever he may be, who occupies a certain position or fulfils a certain condition. Such a promise as this does not itself amount to a contract, but when the unnamed or unknown person comes forward and performs the condition, he may thereby accept the promise or offer made by A, so as to bind A to fulfil his promise. In other words, every contract must consist of an offer by the one party and an acceptance of that particular offer by the other party. The parties must be intending to agree about the same thing and on the same terms, the exact thing offered by the one must be knowingly and intentionally accepted by the other. This essential is often expressed by saying that the parties must be *ad idem*, or that there must be a *consensus ad idem*, or that there must be a mutual consent and that consent must be made apparent. Since there must be two parties at least, a man cannot contract with himself, even though he may act in two or more capacities, nor can a partner contract with his firm, nor one branch of a business with another branch, nor two departments of the same company. Examples of this rule are found in the well-known instances that a landlord selling under a distress for rent cannot himself purchase the goods, that a mortgagee selling the mortgaged property under a power of sale cannot be the purchaser, and that if a company buys its own debentures they are extinguished.

Form of Contract. There are three main classes of contracts, a contract falling into one or other of the classes according to the mode of its formation, viz., contracts of record, contracts under seal, and simple contracts.

Contracts of record are of little practical importance commercially, and, as they are rather implied by law than dependent upon the agreement of the parties, they do not fall within the meaning just given to the expression "contract." They include judgments and recognisances enrolled in the records of courts of law.

A contract under seal, sometimes called a specialty contract, is one that is made by deed (*q.v.*), and the promise made thereby is called a covenant. Some contracts must be made under seal, viz., contracts made without valuable consideration (*q.v.*); contracts of corporations (subject to several exceptions), conveyances, mortgages, and leases for more than three years, of land, assignments and surrenders of leases; contracts for the sale of sculpture with the copyright therein, transfers of shares in companies, except otherwise provided in the articles of association, and transfers of shares in a British ship.

Simple contracts include all that are not contracts of record or made under seal. They may be made orally, or in writing, or may be either wholly or partly implied from the conduct of the parties. In some few cases the law imposes a sort of contractual obligation upon a person without any actual agreement. A simple contract, however made, is sometimes called a parol contract.

In several cases the law requires a simple contract to be put into writing, or to be in some way evidenced by a written document, before it can be enforced, *e.g.*, bills of exchange and promissory notes, contracts of marine insurance, assignments of copyright; such transfers of shares as are not required to be made under seal; acknowledgments of debts barred by the Statute of Limitations (see *post*). By Section 4 of the Statute of Frauds (*q.v.*) there must be a memorandum or note in writing, signed by the party to be charged or his agent, before an action can be brought—

"(1) To charge any executor or administrator upon any special promise to answer damages out of his own estate;

"(2) To charge a defendant upon any special promise to answer for the debt, default, or miscarriage of another person,

"(3) Upon a contract made in consideration of marriage,

"(4) Upon a contract relating to lands, tenements, or hereditaments, or any interest in or concerning them, or

"(5) Upon any agreement that is not to be performed within the space of one year from the making thereof."

These cases will be dealt with in the article on the STATUTE OF FRAUDS.

By Section 4 of the Sale of Goods Act, 1893 (see SALE OF GOODS), a contract for the sale of any goods of the value of £10 or upwards cannot be enforced by action unless the buyer accepts and actually receives part of the goods, or gives something in earnest to bind the contract, or in part payment, or unless some note or memorandum in writing of the contract is made and signed by the party to be charged or his agent.

Contracts are also classified, with reference to the time of their performance, as executed contracts and executory contracts. An executed contract is one which has been wholly performed by one of the parties, but remains to be performed by the other party, *e.g.*, a man buys goods in a shop and pays for them, he has performed his part, but the tradesman has yet to deliver the goods. An executory contract is one under which something remains to be done by both parties, *e.g.*, a suit of clothes is ordered from a tailor, the tailor has to make and deliver the clothes, the customer has to accept and pay for them. As a general rule, an action for breach of an executory contract cannot be brought before the time fixed for performance, or if no time is specially fixed, until after the expiration of the customary or reasonable period, but if before that day arrives a party declares that he will not perform his contract, or renders himself incapable of performing it, an action may be commenced at once without waiting for the future day (*Hochster v. De la Tour*, 2 El. and Bl. 678; *Frost v. Knight*, L.R. 7 Ex. 111, and see *post*).

There are certain essentials to the validity of all contracts; these are: (1) parties legally capable of contracting; (2) mutual consent, sometimes referred to as offer and acceptance; and (3) some

legal and possible thing to be done or omitted which forms the subject matter of the contract. To these may be added certain requirements as to the form or evidence of the contract, whether by deed or by writing (see *ante*); and, in the case of simple contracts, a valuable consideration (see CONSIDERATION). If any one or more of these essentials is absent, the so-called agreement, which purports to be a contract, will be either (a) unenforceable, that is, valid in itself, but incapable of being proved in a court of law; or (b) voidable, that is, capable of being enforced or repudiated at the option of a party, or (c) void, that is, of no legal effect whatever.

Capacity to Contract. Certain classes of persons are deemed by law to be incompetent to bind themselves by a contract, such incapacity being either absolute or extending only to particular contracts. A contract made by such a person is in some cases entirely void and of no effect, and in others is voidable at the option of the party who is under the disability, that is, he cannot be bound by it against his will, but may enforce it for his own benefit if he elects to do so. The principal cases of incompetency to contract, whether absolute or partial, are found in connection with infants, or young people of either sex under twenty-one years of age, married women, lunatics, drunkards, persons under duress, and foreigners or aliens. An undischarged bankrupt may render himself liable to one year's imprisonment by entering into a contract under certain circumstances, especially if he obtains credit, either alone or jointly, to the extent of £10 or upwards, whether fraudulently or not, without disclosing the fact that he is an undischarged bankrupt, and a person who is serving a term of penal servitude for treason or felony, or is under sentence of death, cannot make any contract until he has been liberated or pardoned.

Infants. Under the Infants Relief Act, 1874, an infant's contract is absolutely void if made (1) for the repayment by him of money lent or to be lent, (2) in respect of the supply of goods other than necessaries (see *post*), (3) on an account stated, that is, an admission of liability for money due, and no action can be brought whereby to charge any person upon any promise made after full age to pay any debt contracted during infancy, or upon any ratification made after full age of any promise or contract made during infancy, whether there is or is not any new consideration for such promise or ratification after full age. This Act, however, does not avoid any contract which an infant may make under statutory authority or by the rules of common law or equity. It will not, therefore, affect certain marriage settlements, or membership of trade unions, building societies, and friendly societies, or contracts of agency.

A later statute, the Betting and Loans (Infants) Act, 1892, provides that a contract made after full age for the repayment of a loan contracted during infancy is absolutely void. The effect of these Acts is that any contract involving the payment of money by an infant will be absolutely void as against him, unless it is made in respect of what the law deems to be "necessaries," and it may also be observed that an infant cannot be made liable upon a bill of exchange or promissory note, even though given for the price of necessaries. It is quite immaterial that the creditor was ignorant of the fact of infancy, or even that the infant deliberately represented himself to be of

full age, such a fraud may subject the infant to the pains of the criminal law, or may enable the other party to avoid the contract, but it cannot render the infant liable thereon, save in so far as the contract was for necessities. A person deals with an infant at his peril, and, once infancy has been pleaded and proved, a plaintiff can recover only by satisfying the court that the articles in respect of which he claims were in fact necessities.

It is useless to attempt any inclusive definition of the term "necessaries"—when used in a somewhat different connection it has been defined by the Sale of Goods Act, 1893, as meaning goods suitable to the debtor's condition in life and to his actual requirements at the time, and in the main that is a fairly good working description. But the question as to whether the subject-matter of a contract is a necessary for the particular infant must be decided on the circumstances of each case. First, the judge has to decide whether the subject-matter can be necessities at all, and then the jury, or the judge sitting alone and acting as a jury, have to say whether in the particular circumstances the articles were necessities when the contract was entered into. In a well-known case, *Peters v Fleming*, 6 M. & W. 47, the rule was stated as follows: "All such articles as are purely ornamental are not necessary, and are to be rejected, because they cannot be requisite for anyone, and for such matters, therefore, an infant cannot be held responsible. But if they are not strictly of this designation, then the question arises whether they were bought for the necessary use of the party, in order to maintain himself properly in the degree, state, and station of life in which he moved, if they were, for such articles the infant may be responsible." It is a complete answer to a claim in respect of necessities to show that at the time of sale and delivery the infant was already sufficiently supplied with such articles, even though that fact was unknown to the seller. If an infant is married, he is as liable for necessities supplied to his wife or children as he is for such supplied to him personally. Where an infant resides with his parent or guardian, his personal liability for necessities will not arise unless the plaintiff proves that credit was expressly given to the infant, for in such a case the law presumes that credit was given to the parent or guardian rather than to the infant. A parent or guardian, however, is not liable for debts contracted by an infant without his authority. (See AGENCY.)

Closely akin to the law as to necessities is the rule that an infant may be bound by a contract which is clearly for his benefit, such as one of service or of apprenticeship. An infant may be a partner, but he cannot be made personally liable for the debts of the firm. He may repudiate and dissolve the partnership on attaining full age, but if he does not do so within a reasonable time, he will incur full liability as a partner. (See also PARTNERSHIP—PARTNERSHIP.)

An adult who contracts with an infant will be bound by the contract, if the infant exercises his option to enforce it. An exception to the general rule as to the incapacity of an infant to bind himself by a contract exists in respect of the marriage contract. A male may contract a valid marriage at the age of fourteen years, and a female at the age of twelve years. A promise to marry made by an infant is not binding upon him or her.

A person attains full age at the close of the day

before the twenty-first anniversary of birth, and, owing to the law not taking cognisance of fractions of a day, the incapacity of infancy ceases on the first moment of that day, thus a person born on January 1st, 1910, is capable of contracting at any time on December 31st, 1930. The Sovereign of this country, it may be noted, is deemed to attain full age at the age of eighteen years. (See also INFANT.)

Married Women. The law as to the contractual capacity of a married woman has been much simplified of recent years, and now it may be said that a married woman can enter into contracts just as freely as an unmarried one. But the person contracting with a married woman must always remember that if the latter breaks the contract, there is no personal remedy against her. She is deemed to contract solely with respect to her "separate property," and if she has no separate property to answer the claim the creditor has no means of enforcing his demand. By separate property is meant any property, of whatsoever nature, over which the married woman has full control and with which she can do as she likes, but if the property is in the hands of trustees, with a restraint upon anticipation, it cannot be touched by the creditor, unless he can manage to get hold of the income after it has been paid over or appropriated to the married woman by her trustees. This restraint may be removed, wholly or in part, if a married woman is made bankrupt, which she may be if trading either alone or in partnership with some other person.

A wife may contract with her husband in respect of her separate property. While husband and wife are living together, the wife has an implied authority, which may be expressly negatived by the husband, to bind her husband by contracts for necessities for herself and the family and household; and even if living apart, owing to no fault of the wife's, she may bind him for necessities, unless he duly maintains her, or she has a sufficient maintenance from some other source. (See HUSBAND AND WIFE, MARRIED WOMEN'S PROPERTY ACTS.)

Lunatics. Unsoundness of mind or lunacy affects contractual capacity only to a limited extent. A lunatic is liable on contracts for necessities, provided no advantage has been taken of his mental incapacity, and will be liable on other contracts unless the court is satisfied that the other party knew of his mental condition at the time the contract was made. During a lucid interval a lunatic may make a valid contract, and may then, or after complete recovery, confirm a contract made by him while insane.

Drunkards. A drunken person is in much the same position as regards contractual capacity as a lunatic. If he enters into a contract when he is so drunk as not to know what he is doing, he may avoid it on showing that his condition was known to the other party at the time when the contract was made. By Section 2 of the Sale of Goods Act, 1893, it is provided that where necessities are sold and delivered to an infant, or minor, or to a person who by reason of mental incapacity or drunkenness is incompetent to contract, he must pay a reasonable price therefor, and necessities, as the term is there used, means goods suitable to the condition in life of such infant or minor or other person, and to his actual requirements at the time of the sale and delivery.

Duress. A person is said to act under duress

when compelled to do something by fear of personal suffering or unlawful confinement. Mere threats of legal proceedings do not, as a rule, constitute duress, though they may do so if uttered under such circumstances that they do in fact cause real terror in the particular case. A contract obtained by duress is voidable at the option of the intimidated person, but if such person voluntarily acts upon the contract it will become binding upon him. As to contracts obtained by undue influence, see CATCHING AND UNDERHAND BARGAINS AND DEED OF GIFT.

Aliens. An alien or foreigner may contract in this country, and will be subject to our law, except that (1) if the subject matter of the contract is land or immovable property in a foreign country, the contract will be governed by the law of that country; and (2) while this country is at war with the State to which the foreigner belongs, no contract can be made with him, and any contract made before the war will be suspended during the continuance of the war. The Crown, however, may grant a licence to trade with alien enemies, and special legislation may provide for exceptional cases (as during the Great War of 1914-1918). Foreign States and Sovereigns, and their ambassadors, and the members and officials of the ambassadors' households and *entourage*, may enter into contracts with British subjects, but they cannot be sued in the courts of this country without their consent. In no case, however, can an alien enter into any contract as to ownership of a British ship. (See ALIEN, AMBASSADOR.)

Corporations. The capacity of a corporation or joint-stock company to contract depends upon the purposes for which it was formed, as stated in the statute, charter, or memorandum of association under which it was constituted, and it can make only such contracts as are necessary and proper for the due furtherance of those purposes. A contract made in excess of those powers is said to be *ultra vires*, and is void. Voluntary societies and clubs which are not incorporated, and so have no legal entity, cannot contract as such. The affairs of such a society are generally entrusted to a committee, who have power to enter into a contract in their own names and to bind the funds of the society, but not to bind the members individually. As a general rule, anyone supplying goods to, or doing work for, such an association can sue only the person or persons who actually gave the order, or who authorised its being given. (See AGENCY, CLUBS.)

Offer and Acceptance. To establish a contract it is always necessary that there should be a direct offer by the one party and a direct and unconditional acceptance of that offer by the other party. If an acceptance is in any way conditional or introduces any new term or stipulation, it, in turn, becomes an offer, and there is no concluded contract until such last-mentioned offer has been itself directly and unconditionally accepted. This offer and acceptance may be made in writing or orally, when the contract is said to be "express," or may be inferred from the conduct of the parties, when the contract is said to be "implied." Care should be taken to distinguish between an offer and a mere declaration of willingness to make or receive an offer. Thus, an announcement that a sale will be held on a certain date, is not an offer so as to entitle any person to claim damages if the sale is not held, nor is an advertisement asking for tenders

an offer to sell to or buy from the person who sends the highest or lowest tender.

The principal rules as to offer may be stated as follows—

(1) An offer may be made to one person or to certain persons or to the public generally (see *ante*).

(2) The offeror may attach any terms and conditions he pleases to his offer, but they must be stated, for an acceptor will be bound only by the terms made known to him. A good example of this is found in an ordinary railway ticket, for conditions of issue printed on the back of the ticket, or in the time-table will not bind a passenger unless there are words on the face of the ticket directing his notice to the conditions, e.g., "see back" or "subject to conditions in time-table."

(3) An offer may be withdrawn or revoked at any time before it has been accepted, provided that the withdrawal is communicated to the person to whom the offer was made. Such communication may be either by express notice, or by the offeror doing something to the knowledge of the other person, which is inconsistent with the continuance of the offer.

(4) An offer not so withdrawn remains open during a reasonable time from the making thereof.

(5) An offer made by telegraph is an indication that a prompt reply is expected. An offer made through the post should, as a rule, be accepted by return of post, or by a letter posted on the day on which the offer was received.

The leading rules as to acceptance are—

(1) An acceptance must be absolute and unconditional, and be made in the manner and form prescribed by the offer.

(2) It must be made within the prescribed time, or, if none has been fixed by the offer, within a reasonable time.

(3) If the offer was made to a particular person, it can be accepted only by that person.

(4) The acceptance must be communicated to the offeror while the offer is open. Such communication may be express, or by the acceptor doing some act which is only consistent with a previous acceptance of the offer.

(5) An acceptance may be withdrawn at any time before it has been communicated to the offeror. But when once the acceptance has been communicated, the contract is complete.

Contracts made through the Post. Where contracts are made through the post, the post office is deemed to be the agent of the person who first makes use of that medium of communication, that is, generally, of the offeror. Therefore, the acceptance of an offer made through the post is complete as soon as a properly addressed letter of acceptance is posted, and the offeror is bound from the time at which it was posted, notwithstanding that it is delayed in transit or lost. A letter of revocation sent by post is not operative until it is received by the person to whom the offer was made, and if he has posted his acceptance before such receipt there is a complete contract between the parties, which is not affected by the subsequent coming to hand of the revocation. Contracts made by telegram are in a similar position, with the addition that neither party is bound by any error in the transmission of his telegram, and it appears that the Government is free from all blame if a telegram is incorrectly worded and despatched by its officials.

Consideration. A contract under seal is good, even though made without any return or equivalent on one side for the promise on the other. But no simple contract is valid unless it is supported by what is known as a "consideration," and thus consideration must be something of value, however slight. The existence of writing does not dispense with the need for consideration; and if the contract is made in writing the nature of the consideration must be stated in the note or memorandum, unless the contract is one of guarantee, and then the consideration can be proved orally. The whole subject of CONSIDERATION is dealt with at length in a separate article.

Legality. The object of a contract must be lawful, for the law will not lend its aid to enforce an agreement that is opposed to the interests of the public or of morality, or is contrary to the express provision of an Act of Parliament. An agreement to commit a crime is void, and so is one entered into for the purpose of committing a fraud upon an individual or on the public (see *post*), or of subjecting any third person to some civil injury, by which is meant a wrong for which damages may be claimed in an action. (See DAMAGES) Among agreements that are void as being contrary to public policy are trading agreements with alien enemies (see *ante*), agreements which tend to interfere with the freedom of elections, whether parliamentary or municipal, trafficking in titles and public appointments, certain agreements between master and servant (*q.v.*), agreements in general restraint of marriage, gaming and wagering contracts (*q.v.*), agreements tending to affect the proper administration of justice, agreements made upon an immoral consideration or for an immoral purpose, agreements in restraint of trade (*q.v.*), and stipulations in a contract for the payment of penalties on the breach thereof. (See DAMAGES)

In many cases, agreements for certain purposes are absolutely prohibited by Act of Parliament, and any contract made in defiance of the prohibition will, of course, be void. The following may be mentioned: Agreements with workmen for payment of their wages otherwise than in money (see MASTER AND SERVANT AND TRUCK SYSTEM), the sale of any public office, simoniacal contracts, or such as involve the sale or corrupt dealing with presentations to ecclesiastical benefices, lotteries (see GAMING AND WAGERING); and certain contracts made on Sunday (See SUNDAY TRADING)

Other Acts of Parliament, while not directly forbidding the making of a contract, declare that any contract of a certain nature shall have no legal effect and be void. Such are contracts by way of gaming and wagering (*q.v.*), certain contracts with infants (see *ante*), insurance contracts, where the party for whose benefit the insurance is made has no insurable interest (see INSURANCE), and contracts preventing persons from taking the benefits of certain Acts of Parliament. In addition, many trades and professions are regulated by statute, and can be carried on only in compliance with the statutory requirements. A party to an unlawful agreement, who has paid money to the other party for the purposes of the agreement, may recover the money, so long as the contract remains executory (see *ante*), but after the illegal purpose has been carried out, or a substantial part of the contract has been performed, it will, in most cases, be too late to obtain repayment.

Possibility. An agreement is void if the per-

formance of it is either impossible in itself, or is, or becomes, impossible by the operation of the law. As regards legal impossibility, it is only necessary to say that if, after a contract has been entered into, an Act of Parliament renders it impossible for a party to perform his promise, either because the statute has expressly forbidden such performance, or has created a state of affairs rendering the performance impossible, the party is discharged from liability upon the contract, the presumption being that parties intend to contract with reference to the law as it stands at the time the contract is made. Impossibility of this nature may be instanced in a case where a person contracted not to allow any building to be erected upon a certain piece of land. Subsequently, a railway company purchased the land under their compulsory powers and built a station upon it, which, it was held, discharged the promisor.

In other cases, the law as to possibility depends on the nature of the contract—if the thing contracted to be done is absolutely impossible *ab initio*, or is such that reasonable men in the position of the parties must have treated it as impossible, the contract will be void on the ground that there was no real intention of contracting. In such a category would be placed a contract to make a river run up hill, or to construct a machine with perpetual motion. But a thing will not be deemed impossible merely because it has never been done or is extremely difficult, if the thing contracted for is such that it could be within the serious contemplation of a reasonable man that it can somehow be done, the contracting person will be bound by his contract. A man may be bound by his undertaking to fly from London to New York, but not by one to fly to the moon. Impossibility, it has been said, may consist either in the nature of the action in itself, or in the particular circumstances of the promisor. It is only the first or objective kind of impossibility that is recognised as such by law. The second or subjective kind cannot be relied on by the promisor for any purpose, and does not release him from the ordinary consequences of non-performance of his contract. Where from the nature of the contract it is apparent that the parties contracted on the basis of the continued existence of a specific chattel or a particular person, performance is excused if the chattel or person ceases to exist before the date of performance arrives without default of the promisor. Thus, if a person agrees to sell a specific chattel on a future day, and before that day the chattel is destroyed by fire, he is excused from liability on his contract. But the purchaser of a specific chattel, the property in which passes to him at the time of sale, will be bound to pay for it, even though it is destroyed by fire or other accident, for which the seller is not responsible, before the time for delivery arrives. If the subject matter of a contract has, unknown to the parties, ceased to exist when the contract is made, the contract will be void.

Mistake. Liability on a contract may be avoided by showing that the contractor entered into it under a false impression or belief as to the nature or terms or object of the agreement. If such an error or ignorance was not caused by the act of the other party to the contract, it is called Mistake. If it was caused by the act of the other party without any wrongful intention it is called Misrepresentation; if with a wrongful intention, it is termed Fraud. It is not every mistake that will avoid a

contract, a mistake of law can never do so, for as everyone is assumed to know the law the rule is *Ignorantia juris neminem excusat* ("Ignorance of the law excuses no man"); and a mistake of fact is sufficient to do so only when it is either (1) a mistake as to the nature or terms of the contract, as where a blind or illiterate person signs an agreement in reliance on erroneous information given by some third person as to its contents or effect; (2) a mistake as to the identity of the other party to the contract, as where A, intending to contract with B, makes an agreement with C, whom he mistakes for B; if, however, the contract is of such a nature that the identity of the party is really immaterial to the due performance of the contract, a mere mistake as to identity will not necessarily affect the validity of the agreement; or (3) a mistake as to the existence or identity of the subject matter of the contract. A mistake as to the quality of goods contracted to be sold does not avoid the contract, unless the contract is conditional on the goods being of a certain quality, but if an article is sold and bought under an erroneous impression of both parties that it is something quite different from what it really is, the contract will be void; as where a picture is *bond fide* sold and bought as being an original Turner, and it is subsequently found to be a copy. Where a mistake has been made in reducing the terms of a contract into writing, the court may order the document to be rectified on being satisfied that it does not express the true intentions of the parties.

Money paid under a mistake of fact may be recovered, but not money paid under a mistake of law, or under an order or judgment of a court of law, or in settlement or compromise of a disputed claim. In order, however, to make a payment in pursuance of legal proceedings irrecoverable, the proceedings must have been *bond fide* on the part of the plaintiff. (See also **MISTAKE IN PAYMENT**.)

Misrepresentation. In order that misrepresentation may be a ground for setting aside a contract, it must be shown that a false statement of fact was made by one party, which induced the other party to enter into the contract. A misrepresentation does not of itself avoid a contract, but only gives the aggrieved party an option to repudiate liability and have the contract rescinded, or in some cases to bring an action for damages. (See also **WARRANTIES AND CONDITIONS**.) A mere expression of opinion, or even an exaggerated praise of the subject matter, does not amount to misrepresentation. The rule is that a purchaser, or any person about to enter into a contract, ought to see what it is he is purchasing or contracting about, and if he fails to make inquiries, or to examine the article, or to take such steps for his own protection as would be expected from a reasonable man, he has, in most cases, only himself to blame if his purchase or contract turns out to be less favourable than he anticipated it would be. But where there is a definite statement of fact made, even innocently, by one party, which turns out to be inaccurate, and the other party, taking the ordinary precautions of a reasonable man, enters into the contract without detecting the inaccuracy, and in reliance upon the fact being as stated, he can on discovering the misrepresentation claim to be put in the same position, so far as possible, as if the statement had been true. (See also **CONTRACT EMPLOYER**.)

Fraud. Fraud exists when one party makes a

false statement of a material fact, with a full knowledge of its falsity, or without belief in its truth, or recklessly, not caring whether it is true or false, with the object of inducing another to enter into a contract. A party who, relying on a fraudulent statement, enters into a contract and is damaged thereby may either insist on the contract being carried out and bring an action for damages in respect of the fraud, or may avoid the contract, except where performance has so far advanced that it is impossible for the original position of all parties, and of those claiming through them, to be restored, in which case the only remedy (apart from criminal proceedings) is for damages. As to the liability of company promoters and directors for fraudulent misrepresentation, see **COMPANIES, DIRECTORS, PROMOTERS**.

Rights and Liabilities. Every valid contract imposes rights and obligations on the parties, which they may enforce, or have enforced against them, in a court of law. Only a party to a contract can bring an action in respect of it, and his right is confined to proceedings against another party. Even though a contract is expressed to be made for the benefit of a third person, that person cannot enforce it unless he is a party. To support an action of contract there must be "privity of contract" between the plaintiff and defendant. There are sometimes said to be two exceptions to this rule, namely, that where a contract is made by an agent (see **AGENCY**) the principal may enforce it or be made liable upon it, and that a contract made by a trustee may be enforced by the *cestui que trust* (*q v*). But these are not real exceptions, since in the first case by the law of agency the principal steps into the place of the agent, and is, in reality, a party to the contract; and, in the other, what the court does is not so much to allow the *cestui que trust* to sue on the contract as to compel the trustee to carry it out or to appoint some person to act in default of the trustee.

Assignment. Contracts, as a general rule, are not assignable, but in some cases the liabilities imposed or the benefit given thereby may be transferred to a third person with this qualification, that usually a party cannot assign his liability without the other party's consent. If this assent is given, there is, in effect, a new contract or "*novation*" (*q v*) created between the continuing party and the third person, and, strictly, the transfer of liability is not an assignment at all.

A transfer of the rights under or of the benefit of a contract may be effected by the act of a party, or by operation of law. Of the first class of assignments, it is only necessary here to mention that a debt or other legal *chose in action* (*q v*) may now be transferred by an absolute assignment in writing, of which express notice in writing must be given to the debtor or person liable, so as to entitle the transferee to sue in his own name to enforce the rights which the assignor had against the debtor or person liable. (See also **ASSIGNMENT**.) A contract for personal service is not assignable, but moneys due under such a contract may be assigned. In no case can a right be assigned when the effect of the assignment will be to impose a greater liability upon the other party to a contract, and in a few other cases assignment is prohibited by statute, generally upon the ground that it would be against public policy to permit assignment of the particular contract.

Assignment by operation of law takes place (1)

on the death of a party, when, if the contract is not of a personal nature and is executory, the personal representative of the deceased takes his position. (2) on the bankruptcy (*q v*) of a party, when in certain cases the rights and obligations of the bankrupt pass to his trustee, subject to the latter's right to disclaim onerous contracts; (3) in the case of certain contracts connected with land, on the transfer of the land. As to negotiability, see the article under that heading. Though a stranger to a contract is not bound thereby, he will be liable in an action of tort (*q v*) if he wrongfully induces a party to break the contract.

Interpretation. The exact rights and obligations of the parties to a contract depend upon the nature of the contract, or the construction of the document which contains its terms, and when a difference arises it is the duty of the tribunal to ascertain the rights and obligations by the application of well-recognised rules, the principal of which may be shortly stated as follows—

(1) The construction must be reasonable according to the intention of the parties. Thus, on a contract for the loan of an animal, it will be deemed to be part of the agreement that the borrower shall feed it during the time it is in his possession, unless it is plainly shown that such was not the intention.

(2) It must be favourable. The law supports a contract whenever possible, and if a contract is capable of two constructions, one of which will destroy the contract as being illegal, and the other makes it lawful, the latter should be accepted.

(3) It must be liberal, *e g*, words importing the masculine gender may often be construed as including females.

(4) Words are to be understood in their ordinary and popular sense. To this rule there are two exceptions: if it is found that a word was used by the parties in a technical sense, other than the ordinary sense, the word will be construed in that technical sense, and when the contract itself shows that a word was intended by the parties to have a special meaning, such a meaning will be given to it.

(5) The whole contract must be considered in order to ascertain the meaning of any particular part.

(6) The words of a contract must be construed most strongly against the grantor or contractor.

(7) Parol evidence may be admitted to explain a latent, though not a patent, ambiguity in a written contract, but not to vary or contradict the document.

Performance. The liability of a person upon a contract may be put an end to either by performance, or by showing some lawful excuse for non-performance. By performance is meant the complete fulfilment of all a party has agreed to do. As a rule, the performance must be effected by the promisor himself, but if the contract is of such a nature as to call for no personal skill, or not to involve any personal confidence, the promisor may either perform his promise personally or by a nominee. For example, if a doctor contracts to perform an operation, he is not absolved by sending another doctor to do it, but a stationer who agrees to deliver newspapers daily is not necessarily compelled to take them out himself; he may arrange with another newsagent to do so, and due performance by the latter will discharge the former. When two or more persons have made a joint promise each of them is liable upon the contract,

and performance by one discharges them all, and the one is entitled to make each of the others repay him their share of the debt or liability.

If the contract fixes a time for performance, that time must be adhered to; if no time is fixed, each party must perform his part within what is a reasonable time having regard to the particular contract. Sometimes a contract stipulates that time is to be of the essence of the contract, which means that a party will not be discharged unless he can show that he offered performance, or was ready and willing to perform his part, at the prescribed time. In many mercantile contracts stipulations as to time are regarded as being essential, unless the contrary intention appears, but stipulations as to the time of payment in contracts for the sale of goods (*q v*) are not considered to be of the essence of the contract unless a contrary intention appears.

The mode of performance depends very much upon the contract, the broad rule being that the promisor must fulfil his promise in the way prescribed, and may not substitute something of equal or even greater advantage to the promisee. If, however, there are several ways in which a contract can be performed, the promisor may select the one least burdensome to himself. Thus, if A undertakes to send a parcel from London to Paris, and no route is prescribed, he may send it *via* Dover and Calais, Newhaven and Dieppe, Folkestone and Boulogne, or by any other recognised route, but he would not be entitled to send it by a roundabout and much longer, even though cheaper, route. When a contract is in the alternative, the rule, unless there is anything stated to the contrary, is that the party who has to do the first act may elect which of the alternatives he will perform. If one of the alternatives is incapable of being performed, the promisor is bound to perform the other, unless on the true construction of the terms of the contract it appears that the intention was that if one of the things contracted for afterwards became impossible the promisor was to be discharged.

If the place for performance is not specified, or is not capable of being deduced from the nature of the contract, the general rule is that the promisor must seek the promisee and perform the contract wherever the latter may happen to be. Rent, however, is payable on the premises in respect of which it is due, unless there is an express covenant to pay, when the tenant must seek his landlord.

Payment. Where the performance of a contract consists in the payment of money, mere readiness and willingness to pay is not sufficient. The debtor must either hand over or tender the money to his creditor. Primarily, a creditor must offer the exact sum due in legal tender, that is, either in current gold coin or Treasury notes, or in Bank of England notes for any sum exceeding £5, in current silver coin for a sum not exceeding 40s, and in current bronze coin for not more than a shilling. Of course, payment may be in kind, as by delivery of goods, or by a *contra* account, or by means of a negotiable instrument, if the creditor agrees to take such in satisfaction of the debt. Where a negotiable instrument, such as a cheque, is given in payment, the general presumption is that it is conditional payment only, and that if it is dishonoured the original liability on the contract is revived, unless the creditor elects to sue on the instrument. The posting of a negotiable instrument or of money which

is lost in the post does not amount to payment unless the creditor has requested that payment should be made by post. Such a request should be express, it will not necessarily be implied from the usual course of business between the parties. In *Pennington v. Crossley*, 77 L. T. 43, the defendant had for many years purchased goods from the plaintiff, and had posted cheques in payment, without the plaintiff making any objection. When a cheque was lost, the Court of Appeal held that the accustomed practice did not infer a request for payment in that manner so as to throw the loss of the cheque upon the creditor.

The payment of a smaller sum of money will not discharge a debt of a larger amount, but the giving and acceptance of something other than money, however small its value, may operate as a full satisfaction. (See ACCORD AND SATISFACTION.)

Appropriation. If a debtor owes several distinct debts to his creditor and makes payment of a sum which is insufficient fully to discharge all the debts, it is often important to know to which debt the payment is to be appropriated.

The rules for appropriation of payments are—

(1) The debtor has the first right to designate the particular debt to which the payment is to be applied.

(2) If the debtor does not exercise this right at the time he pays the money, the creditor may appropriate to any item he pleases.

(3) If neither party appropriates, the presumption is that the payment is made in discharge of debts in their order of date, the first item on the debit side of the account being the item discharged or reduced by the first item on the credit side. When a creditor exercises his right of appropriation, he may so discharge a debt the recovery of which is barred by lapse of time (see *post*), or which is irrecoverable by reason of some defect in the form of the contract, e.g., want of writing; but he cannot appropriate to an illegal debt. As to receipts for money, and the necessity for stamping, see RECEIPT.

Excuses for Non-Performance. In discussing the essentials to the validity of a contract, we have already dealt with a number of matters which may be effectively raised as excuses for the non-performance by a party of what he has in form undertaken to do. Other excuses are tender, rescission, waiver, and failure of a condition.

By tender is meant an unconditional offer of performance in accordance with the terms of the promise, and under such circumstances that the promisee has a reasonable opportunity of examining the goods or money tendered, in order to ascertain that they are correct. The expression is mainly applied to the offer of a money payment, in which case the tender must be in the prescribed coin or notes (see *ante*), and there should be an actual production of the money and of the precise amount. Tender of a larger amount will be a good tender if the debtor does not require change, and, if the creditor clearly signifies that he will refuse to accept tender, actual production of the money may be dispensed with.

Rescission takes place when a contract is set aside, either by the judgment of a court or by the consent of the parties. Rescission frequently depends on the substitution of a new contract between the parties. If a contract is discharged by a new party undertaking the obligations of the contract with the consent of the promisee, it is called novation (*q.v.*).

Waiver occurs when one party agrees to give up his right to claim performance of a contract, or of a particular term of a contract. A contract may contain a conditional promise, the liability to perform which depends upon the happening or not happening of some future event. When liability is only to arise on the happening of the contingency, the condition is called a condition precedent, and when liability is to cease on such happening, a condition subsequent. If a condition precedent does not happen, the promisee cannot be called upon for performance, if a condition subsequent happens, the promisee's liability on the contract is discharged. (See also WARRANTIES AND CONDITIONS.) As to the discharge of a written contract by a material alteration, see AGREEMENT, DEED.

Breach of Contract. When a promisor fails to perform his obligation in the proper manner the contract is said to be broken, and to be thereby discharged or put an end to, and in its place the promisee obtains a right of action for damages, either alone or in conjunction with other remedies (see *post*). If before the time fixed for performance the promisor voluntarily disables himself from performing his promise, or intimates that he does not intend to perform it when the time comes, the promisee is entitled to treat the contract as broken, and at once to commence an action for damages for breach of contract, and he will be released from any further performance of his part of the contract. The disability of the promisor need not necessarily be permanent, thus, if A agrees for the sale of goods to B, and then sells them to C, B may bring his action against A, though it is possible for A to buy back the goods from C before the date arrives for the sale to B to be completed by delivery. A mere partial refusal to perform a contract does not necessarily entitle the other party to consider the contract as repudiated; there must be a refusal to perform something which goes to the root of the contract, and whether the refusal amounts to this or not will depend on the construction of the contract by the court. This question frequently arises in connection with contracts for the sale of goods by instalments, which are to be separately paid for, and if the seller makes defective deliveries of one or more instalments, or the buyer refuses to take delivery or to pay, the court has to determine whether the breach amounts to a repudiation of the whole contract, or must be considered as only relating to the particular delivery or payment in question. If the contract is a divisible one, non-performance of a particular portion will not amount to a total discharge; but if the contract is of such a nature that the particular breach so affects the whole as to make it clear that the defaulting party does not intend to fulfil his general engagements, the breach will amount to a discharge of the entire contract.

Remedies. The remedies for breach of contract are an action for damages (*q.v.*), specific performance (*q.v.*), and injunction (*q.v.*). In addition to the amount which may be recovered as damages, a successful plaintiff in an action to recover a debt or a sum certain may be awarded interest thereon, if the debt and sum was payable under a written instrument, or if when demanding payment he had given notice that interest would be claimed. Payment of interest is also provided for in some special cases, e.g., on overdue Bills of Exchange and Promissory Notes (*q.v.*). The remedies of specific performance and injunction are seldom allowed in

mercantile cases, damages generally providing a sufficient compensation for the injury done. (See also SALE OF GOODS)

The right of action arising on a breach of contract may be discharged in much the same way as the contract itself, namely, by agreement, payment, or release, and may be added ineffectively by lapse of time. When an agreement made after breach provides for the acceptance by the promisee of something other than his remedy by action, and has a valuable consideration (see CONSIDERATION), it is called "accord and satisfaction" (*qv*), and amounts to a new contract between the parties which discharges the original cause of action.

Lapse of Time. By the provisions of the Statutes of Limitation, a right of action for breach of contract is barred if it is not exercised within a certain period from the breach in the case of a simple contract, and within twenty years in the case of a contract under seal. If the person entitled to sue is under disability, e.g., an infant or insane, or is beyond the seas, when the cause of action arises, the limitation will be extended to run from the time of attaining full age, recovering his senses, or return to this country, as the case may be. If knowledge of his right to sue is fraudulently kept from a person, the statutes do not begin to run until he discovers the fraud, and, as regards a claim against a trustee for breach of trust, the statutes only operate as from the time when the injured person has knowledge of the breach of trust, or would have become aware of it if he had made reasonable inquiries.

A debt, however, may be kept alive by part payment, or by payment of interest, or by the debtor giving a written acknowledgment, under his or his

agent's signature, of his liability to pay, in such terms as will enable the court to infer a distinct and unconditional promise to pay the whole debt. The period of six or twenty years, as the case may be, will begin to run afresh from the date of the payment or acknowledgment. Where there are two or more joint debtors, the statutes run against each separately, and an acknowledgment by one will not prevent the statutes operating in favour of the other.

CONTRACT ACCOUNTS.—These are accounts which are kept in the books of account of a contractor, and are so written up as to show the result (whether profit or loss) arising out of the carrying through of a contract, or some special work. In fact, the Contract Accounts are actual profit and loss accounts in themselves, the balances, representing either profit or loss, being taken to a general profit and loss account, either on completion of the contract or when final accounts for a period are being prepared.

It follows, therefore, that the system of accounts requires to be so organised that the various purchases and expenses directly affecting a contract can be so allocated that they may be charged to the contract account. This is done by analysis in the case of purchases made solely for contract purposes, and for wages and expenses incurred. In the case, however, of general purchases, these are taken into stock, and withdrawals from stock are all accounted for by means of the use of requisition notes, on which such entries as "materials requisitioned for the contract" or "wages to which they are chargeable" and other entries are dissected at the time of payment and passed through the cash book, being posted direct therefrom to the debit of the contract

Contract No 100

Hotel at Brightsea, £50,000.

[illegible]

account. The treatment of plant and machinery used in connection with contracts demands special attention, the object being to charge the contract with the depreciation necessarily incurred on the asset by its use on the work. Probably the best method of dealing with this is to debit the contract account with the value of the plant and machinery sent on the spot, and, in the case of using existing plant and machinery, to credit the plant and machinery account, but where special machinery is purchased solely for the contract, to credit the personal account of the firm or firms from whom it is purchased. On the completion of the contract, the value of the plant and machinery is credited to the contract account, either at a re-valuation figure, or by depreciating it at a percentage, and again debited to the plant and machinery account. In the case of taking profit or loss to a certain date on an uncompleted contract, the amount representing the value of plant and machinery would be carried down. In large contracts, especially where the work is some distance away, the plant and machinery are simply realised on completion of the work, and the amount received credited to the account.

During the progress of the work, cash received on account or due is credited to the account—in the latter case a personal account being debited. In the case of dealing with uncompleted contracts at date of balancing the books, the value of the work done, but not yet due, requires also to be taken into account.

When taking credit for profit on uncompleted contracts, it is always advisable not to take the whole amount which may appear to be profit to date, into account, it being wise to adopt a conservative policy in this case, and so leave a margin for future contingencies of an adverse nature which may arise in the course of further work.

The account on the previous page, showing the dealing with a contract both in an uncompleted and in a completed state, exemplifies the foregoing.

In the balance sheet of a firm closing its books and having contracts in progress, they are shown as follows—

Assets.	
Uncompleted Contracts with profit to date	£28,920
Less Cash received on account	£20,000
„ Reserve	620
	20,620
	£8,300

CONTRACT GUARANTEE.—The guaranteeing of contracts is a class of business which is transacted by only a few insurance companies, and is generally regarded (though the reason why is not clear) as a sub-section of fidelity guarantee business. The fact that it is not the general practice to ask contractors to furnish a guarantee for the performance of the work, has prevented the business assuming anything like large dimensions, and many companies have left it alone while others have retired from the business. In many cases private sureties are furnished, and as these are more generally accepted from, and naturally more easily furnished by, contractors of good standing, there is a selection against the company.

The various onerous and often inequitable conditions which are inserted in contracts by those

who have contracts to let, have also helped to keep many companies out of the market.

Possibly, when it becomes a general practice to require a guarantee from every contractor add, the bond of an insurance company is insisted upon, the business will reach dimensions which will attract more of the leading offices, and an attempt may then be made to put it on a better footing.

The business that is more generally offered is in respect of contracts for buildings, tunnels, tramways, railways, canals, drains and sewers, and street works. Occasionally it is in respect of printing and clothing contracts, and in respect of mail-carrying contracts.

The proposal form used, in addition to asking very stringent questions as to the financial position and standing of the firm (a balance sheet is generally required), asks for bankers' and trade references and for particulars of the contract (price tendered, terms of payment and the like), and of other contracts at present in hand. The full specifications and the contract have also to be submitted.

The premiums vary considerably, according to the standing of the firm and the class of contract, and range from 7s 6d per cent. on the amount of the guarantee.

The policy guarantees that the contractor will carry out the work as specified in the contract, and in the event of failure the company is liable for the damages that necessarily result up to the amounts of the guarantee. In no case are the companies prepared to enter into bonds for the payment of sums as liquidated damages in the event of failure of the contractor.

There is one important point which has a very special bearing on the eligibility or otherwise of proposals, and that is the period of maintenance—viz, the period during which the contractor must maintain the work in good order by making good any defects that show themselves—a long period of maintenance, say, anything over two years, might prove a bar to the issue of a contract guarantee.

Owing to the care with which the business has been selected the claims have not been excessive, and when they arise it is generally a question of negotiation with the parties involved. In some cases it is possible to finance the contractor and so get the work completed, in others, it is necessary to call in another firm and sometimes the employer is prepared to accept money payment and take over.

CONTRACTING OUT.—Whenever an Act of Parliament was passed which contained provisions of a character which were thought oppressive or likely to inflict a loss upon one of the parties to a contract, it was the common practice for those persons who thought that they were likely to be adversely affected to enter into special contracts by which the provisions of the particular Act were nullified. This was known as "contracting out." To prevent this course being adopted, it has become the common practice in recent times to insert clauses in Acts of special public importance by which contracting out is forbidden. One of the most recent instances of this is connected with the Workmen's Compensation Act. No special contract can be made by a workman with his employer which shall have the effect of depriving a workman of the compensation awarded by that Act.

CONTRACT NOTES.—Sometimes called Bought and Sold Notes. When a broker concludes a contract on behalf of other persons he enters particulars

of the transaction in his contract book, and from these he prepares documents containing a short record of the matter, which are signed by the broker and sent to the buyer and seller respectively. If the broker has been employed by both parties, a signed memorandum in his book is sufficient evidence of the contract, and then the fact that the bought and sold notes sent to the parties contain errors and do not agree is immaterial, but if the broker does not make an entry in his book, the contract must be made out from the bought and sold notes, and if they disagree in any material particular there is no contract. If a broker acts for one party only, the contract is formed by the note he sends to the other party, if the latter accepts it as correct, and the one sent by the broker to his own client has no legal effect as regards the other party. A material alteration in a sale note by the broker, made at the instance of the seller without the consent of the buyer, will prevent the seller recovering, and the buyer if he procures an alteration in his note, will be in a like position.

When a broker effects a purchase or sale of stock or shares on behalf of a client, he has to render to his client a contract note setting forth the price at which he bought or sold the stock. It is usual for this contract to indicate, in addition to the price that has to be paid or received for the stock, the brokers' commission and any other charges that have to be borne by the client. The wording of a typical contract is shown below—

George Wilson & Jones
10 Throgmorton Avenue
and the Stock Exchange, London, E C 2
To William Smith, Esq.

August 24th, 19..

We have this day bought as per your order,
subject to the Rules, Regulations, and Customs of
the London Stock Exchange—

	£	s.	d.
100 Union Cold Storage Ordinary			
Shares at 28s 9d ..	133	15	0
Brokerage at 3d per share ..	1	5	0
Contract Note Stamp	0	1	0

Contract Stamp	Examined ..	£135	1	0
1/-	Registration Fee, 2s 6d			
	Transfer Stamp, 15s	0	17	6
		£135	18	6

George Wilson & Jones,
Members of the London Stock Exchange.
For payment on August 31st, 19..

(The full names and addresses in which stock or shares are to be registered should be furnished to us at least three clear days before the settlement.)

All contract notes issued by a broker to his client must have attached to them an adhesive contract note stamp, the cost of which is charged to the client.

In the example given, the contract note is one for a purchase of shares. Had it been for the sale of shares, no amounts would have been filled in against the printed items "Registration Fee" and "Transfer Stamp," the custom being that the buyer in each transaction bears these charges.

A contract note which relates to the sale of goods is exempt from stamp duty. The contract notes

which have reference to dealings in marketable securities are stamped as follows—

	Is	£5	and does not exceed	£100	£	s.	d.
Is over	£100	but does not exceed	£500		0	0	6
"	£500	"	"	£1,000	0	2	0
"	£1,000	"	"	£1,500	0	3	0
"	£1,500	"	"	£2,500	0	4	0
"	£2,500	"	"	£5,000	0	6	0
"	£5,000	"	"	£7,500	0	8	0
"	£7,500	"	"	£10,000	0	10	0
"	£10,000	"	"	£12,500	0	12	0
"	£12,500	"	"	£15,000	0	14	0
"	£15,000	"	"	£17,500	0	16	0
"	£17,500	"	"	£20,000	0	18	0
"	£20,000	"	"	..	1	0	0

Special adhesive stamps must be used.

Continuation notes are charged on one only of the two transactions embraced. Option contract notes are charged with half the above rates only, unless the option is a double one. Contract notes following duly stamped option contracts are relieved from half the duty.

CONTRACT OF INSURANCE.—The contract of insurance is evidenced by a policy which, though not compulsory by statute in all classes of business, is invariably issued.

The ordinary principles as to contracts apply, but in addition, it being a contract *uberrimæ fidei*, the utmost good faith must be observed by both parties to the contract. From this it follows that there is a duty on the proposer to disclose every material fact—not merely those he thinks material but all that are in fact material, and whether he is asked for the information or not. Failure to comply with this essential makes the policy voidable.

The Stamp Act specially provides for the stamp duty payable on the various kinds of insurance policies. (See STAMP DUTIES.)

CONTRACT OF SERVICE.—An agreement by which one person consents to employ the services of another, and the other to render such services, on specified terms and conditions.

CONTRACT PRICE POLICIES.—(See FIRE INSURANCE.)

CONTRIBUTION.—When shares are taken in a joint stock company, so long as any part of the nominal price of the shares remains unpaid, the shareholder is liable to be called upon to supply the deficiency by means of regularly made calls (*q.v.*) This matter becomes all important when a company is wound up (see WINDING-UP), and the payment of the various sums by the shareholders is commonly known as contribution, the shareholders being the contributors (*q.v.*) If the shares are fully paid up, there can, of course, be no contribution at all. Contribution arises only when there is any portion of the nominal value of the shares outstanding, and a shareholder may be liable to pay this portion, even though he has transferred his shares, for a period not exceeding one year after the date of the transfer. (See CONTRIBUTORIES.)

CONTRIBUTORIES.—The general law as to contributors, *i.e.*, the persons who are called upon to make up the deficiency in the assets of a joint stock company, is contained in Sections 123-128 of the Companies (Consolidation) Act, 1908, which run as follows—

"123. (1) In the event of a company being wound up, every present and past member shall, subject to the provisions of this section, be liable

to contribute to the assets of the company to an amount sufficient for payment of its debts and liabilities, and the costs, charges, and expenses of the winding up, and for the adjustment of the rights of the contributories among themselves, with the qualifications following (that is to say):

"(i) A past member shall not be liable to contribute if he has ceased to be a member for one year or upwards before the commencement of the winding-up.

"(ii) A past member shall not be liable to contribute in respect of any debt or liability of the company contracted after he ceased to be a member:

"(iii) A past member shall not be liable to contribute unless it appears to the court that the existing members are unable to satisfy the contributions required to be made by them in pursuance of this Act:

"(iv) In the case of a company limited by shares, no contribution shall be required from any member exceeding the amount, if any, unpaid on the shares in respect of which he is liable as a present or past member:

"(v) In the case of a company limited by guarantee, no contribution shall be required from any member exceeding the amount undertaken to be contributed by him to the assets of the company in the event of its being wound up:

"(vi) Nothing in this Act shall invalidate any provision contained in any policy of insurance or other contract whereby the liability of individual members on the policy or contract is restricted, or whereby the funds of the company are alone made liable in respect of the policy or contract:

"(vii) A sum due to any member of a company, in his character of a member, by way of dividends, profits, or otherwise, shall not be deemed to be a debt of the company, payable to that member in a case of competition between himself and any other creditor not a member of the company; but any such sum may be taken into account for the purpose of the final adjustment of the rights of the contributories among themselves.

"(2) In the winding-up of a limited company, any director or manager, whether past or present, whose liability is, in pursuance of this act, unlimited shall, in addition to his liability (if any) to contribute as an ordinary member, be liable to make a further contribution as if he were at the commencement of the winding-up a member of an unlimited company: Provided that—

"(i) A past director or manager shall not be liable to make such further contribution if he has ceased to hold office for a year or upwards before the commencement of the winding-up:

"(ii) A past director or manager shall not be liable to make such further contribution in respect of any debt or liability of the company contracted after he ceased to hold office:

"(iii) Subject to the articles of the company, a director or manager shall not be liable to make such further contribution unless the court deems it necessary to require that contribution in order to satisfy the debts and liabilities of the company, and the costs, charges, and expenses of the winding-up.

"(3) In the winding-up of a company limited

by guarantee which has a share capital, every member of the company shall be liable, in addition to the amount undertaken to be contributed by him to the assets of the company in the event of its being wound up, to contribute to the extent of any sums unpaid on any shares held by him.

"124 The term 'contributory' means every person liable to contribute to the assets of a company in the event of its being wound up, and in all proceedings for determining and, in all proceedings prior to the final determination of the persons who are to be deemed contributories, includes any person alleged to be a contributory

"125 The liability of a contributory shall create a debt (in England and Ireland of the nature of a specialty) accruing due from him at the time when his liability commenced, but payable at the times when calls are made for enforcing the liability.

"126. (1) If a contributory dies either before or after he has been placed on the list of contributories, his personal representatives and his heirs and devisees shall be liable in a due course of administration to contribute to the assets of the company in discharge of his liability, and shall be contributories accordingly.

"(2) Where the personal representatives are placed on the list of contributories, the heirs or devisees need not be added, but, except in the case of heirs or devisees of any such real estate in England, they may be added as and when the court thinks fit.

"(3) If the personal representatives make default in paying any money ordered to be paid by them, proceedings may be taken for administering the personal and real estates of the deceased contributory, or either of them, and of compelling payment thereof of the money due.

"127 If a contributory becomes bankrupt, either before or after he has been placed on the list of contributories, then—

"(1) His trustee in bankruptcy shall represent him for all the purposes of the winding-up, and shall be a contributory accordingly, and may be called on to admit to proof against the estate of the bankrupt, or otherwise to allow to be paid out of his assets in due course of law, any money due from the bankrupt in respect of his liability to contribute to the assets of the company; and

"(2) There may be proved against the estate of the bankrupt the estimated value of his liability to future calls as well as calls already made.

"128 (1) The husband of a female contributory married before the date of the commencement of the Married Women's Property Act, 1882, or the Married Women's Property (Scotland) Act, 1881, as the case may be, shall, during the continuance of the marriage, be liable, as respects any liability attaching to any shares acquired by her before that date, to contribute to the assets of the company the same sum as she would have been liable to contribute if she had not married, and he shall be a contributory accordingly.

"(2) Subject as aforesaid, nothing in this Act shall affect the provisions of the Married Women's Property Act, 1882, or the Married Women's Property (Scotland) Act, 1881."

Roughly speaking, the whole matter works in practice as follows: Two lists of members are made

out by the liquidator—the “A” list, consisting of those persons whose names are upon the register, and the “B” list, consisting of those who have ceased to be members within a year before the date of the winding-up. It is to the A members that the liquidator must first apply for the payment of so much of the remaining liability upon the shares as is necessary to meet the needs of the company. If payment is made by these members, no application need be made to contributors on the B list, even though the shares have been acquired by transfer within a year prior to the winding-up, but if any shareholder in the A list cannot pay what is owing, and he has acquired his shares by transfer within a year, the liquidator must apply to the transferor whose name will, of course, be upon the B list. The transferor must then pay, though he will be wholly relieved if the debts have been incurred since he ceased to be a member, and proportionately if the debts were incurred partly before and partly after he ceased his membership.

Take, for example, a person who has applied for and has been allotted 100 shares of £1 each, and suppose that 10s only has been altogether paid up on each share. The shareholder, as a member of the company, is liable upon the unpaid calls for £50, i.e., 10s on each of his 100 shares. He transfers his shares to X. Within a year the company is wound up, and the assets are so deficient that it is necessary to call the whole of the amount owing upon the shares. The old shareholder will have his name placed upon the “B” list of contributors, and X will be upon the “A” list. The liquidator applies to X. If payment is made, all well and good, but if the amount is not paid, then application must be made to the old shareholder, either for the whole of the amount due on the shares, viz., £50, or for that part of it which has not been paid by X. The only defence of the old shareholder in an action for the £50 is that the debts of the company have been actually incurred since he ceased to be a member. If this is true as to the whole of the debts, he is relieved altogether. If only a portion, however, of the debts has been contracted since he transferred his shares, he is proportionately relieved to that extent. But if a whole year has elapsed since the transfer, the name of the old shareholder does not appear on the “B” list, and there is no claim against him; but it seems that a transfer which is not made *bond fide* may be questioned (see *Wine* *supra*).

CONTRIBUTORY VALUE.—In marine insurance, this is the basis on which interests at risk on board a vessel at the time of a general average (*qv*) contribute to the amount made good.

The rules of practice of the Association of Average Adjusters provide—

RULE 30. *Basis of Contribution in General Average.* When property saved by a general average act is injured or destroyed by subsequent accident, the contributory value of that property to a general average which is less than the total contributing value shall, when it does not reach the port of destination, be its actual net proceeds, when it does, it shall be its actual net value at the port of destination, on its delivery there, and in all cases any values allowed in general average shall be added to and form part of the contributing value as above.

The above rule shall not apply to adjustments made before the adventure has terminated.

RULE 31. *Contributory Value of Ship.* That in

any adjustment of general average there shall be set forth the certificate on which the contributory value of the ship is based, or if there be no such certificate, the information adopted in lieu thereof, and any amount made good shall be specified.

RULE 32. *Contributory Value of Freight.* That freight at risk of the shipowner shall contribute to general average upon its gross amount, deducting the whole of, and no more than, such port charges as the shipowner shall incur after the date of the general average act, and such wages of the crew as the shipowner shall become liable for after that date.

That in any adjustment of general average there shall be set forth the amount of the gross freight and the freight advanced, if any, also the port charges and wages deducted, and any amount made good. (See also **YORK-ANTWERP RULES**.)

CONVERSION.—This word has several meanings, though there are only two which require consideration in this work. In the first place, conversion is a doctrine of equity, of a very technical character, which considers, under certain circumstances, land or real estate to be changed into personal property, or *vice versa*. Thus, a testator or a settlor directs money to be laid out in the purchase of land, or directs land to be sold and converted into money. In such cases the courts will often consider that which is directed to be done as having actually taken place, and will treat the land or the money, as the case may be, as though it was money or land. It is impossible to do more than state the doctrine in this bald fashion, as the application of the doctrine depends upon some very nice legal distinctions which can be solved only by an expert lawyer. In the second case, and this particularly touches upon mercantile matters, conversion signifies the act of dealing, without authority, with goods or chattels which are the property of another person. It has been defined as “An unauthorised act which deprives another of his property permanently or for an indefinite time.” The gist of the tort is the unauthorised assumption of the power and dominion of the true owner. For conversion there is always a right of action in tort, and the damages awarded by a jury will depend upon the special circumstances of the case.

CONVERSION OF SINGLE ENTRY TO DOUBLE ENTRY.—In order to convert a Single Entry System of book-keeping to the perfect and generally recognised system of Double Entry, it is necessary to first obtain a correct basis for the inauguration of the latter system. This is done by the preparation of a statement of affairs, viz., a list of the liabilities and assets of the business as at a given date. The difference between them if the assets exceed the liabilities is capital, but if, on the other hand, the liabilities exceed the assets, the difference would represent a shortage of capital, and the business would then be termed insolvent. In the preparation of this statement, extreme care should be exercised so that all the items comprising the liabilities and the assets are included, together with the proportions of amounts which may have been paid in advance, and amounts accruing, but not yet due, such as rent, rates, interest, etc. The valuation of the fixed assets is an important matter, and consideration should be given to these in order that they are not put down at a figure which is above their value, but taking into account the fact that the business is a going concern. The amount of sundry debtors and sundry creditors would be

prepared from the debtors ledger and the purchase ledger, or, if no personal accounts are kept for creditors, from information obtained from unpaid statements and invoices. When the statement of affairs has been prepared, it only remains for accounts to be opened in the books for the impersonal items comprised in the statement of affairs, and the basis of the system of Double Entry book-keeping is now ready for the principles of that system to be adopted in entering future transactions.

When books have been kept by Single Entry, and it is desired not only to convert into a system of Double Entry, but also to prepare full accounts for a past period, it is necessary to first prepare a statement of affairs as mentioned, as at the earlier date, from information derived from the existing books and other sources, and taking such statement as the basis, raise all necessary impersonal accounts by analysis of the cash book and debtors ledger, together with analysis also of the purchase ledger or information derived from receipts, statements, invoices, etc. The result of this analysis gives the items for all the impersonal accounts, and they can then be written up in the books, and a trading and profit and loss account for the period and a balance sheet, dated as at the end of the period, prepared in the usual way.

CONVERTIBLE BONDS.—(See AMERICAN SECURITIES)

CONVERTIBLE PAPER CURRENCY.—One that can be exchanged on demand for its full value in specie at the bank which issues it.

The advantages of a paper currency when convertible at any moment are—

(1) Paper can be more securely conveyed from place to place than coin or bullion, and the cost is less.

(2) There is a saving in the wear and tear of coins.

(3) As paper money is numbered or otherwise marked, it is more easily recovered, if lost or stolen, than coins.

(4) The labour and the probable mistakes in counting are avoided.

(5) There is a saving in the cost of coining.

CONVERTIBLE SECURITIES.—Securities that are easily sold or converted into money. Such are Consols, exchequer bills, railway stock, etc.

CONVERTIBLE SHARES AND STOCK.—Shares and stock are said to be convertible when the holder of them has the right to exchange them for some other kind of shares or stock in the same company. Whether this right will ever be exercised depends upon the judgment of the holder. A higher rate of interest may tempt him, but as higher interest almost always means less security, an exchange is bound to be attended with risk. Thus, suppose a person holds preference shares in a company, and the interest paid upon them is fixed at 5 per cent. If the company is very successful, the ordinary shares may be paying a much greater interest. Suppose, now, the preference shares are convertible, the holder may desire to exchange them for ordinary shares. Of course, if the company continues to flourish, the exchange may be beneficial, but if, on the other hand, it declines in prosperity, the ordinary shares may eventually pay less than 5 per cent., and the holder will have lost the preferential advantage he possessed by his former holding.

CONVERTIBLE TERM ASSURANCE.—This is a form of Term assurance (*q.v.*) where an option is

given to convert into a whole life or endowment assurance (without fresh medical examination), at the ordinary rate of premium applicable to the age at the time the option is exercised. It is often provided that the option can be exercised at any time except during the last five years of the original term, which is usually between ten and thirty years. These policies do not participate in profits, nor do they carry any surrender value during the original term.

CONVEYANCE.—In the Law of Property Act, 1925, the word "conveyance" includes a mortgage, charge, lease, assent, vesting declaration, vesting instrument, disclaimer, release and every other assurance of property or of an interest therein by any instrument except a will.

The word "conveyance" is, however, principally used to denote the deed by which freehold property is conveyed to a purchaser in fee simple.

In modern conveyancing deeds will commence—

(1) This conveyance, etc. . . . on a transfer of freehold property,

(2) This mortgage, etc. . . . on the granting of a mortgage; and

(3) This settlement, etc. . . . on the settling of property. These forms will take the place of the common form formerly in vogue, namely "*This indenture, etc.*" (See CONVEYANCING)

Stocks and shares are also spoken of as being conveyed or transferred.

The stamp duties, as provided in the Stamp Act, 1891, as amended by later legislation, are as follows—

Conveyance or Transfer, whether on sale or otherwise—

(1) Of any stock of the Bank of England	£ s. d.
	0 15 6

(2) Of any stock of the Government of Canada inscribed in books kept in the United Kingdom, or of any Colonial stock to which the Colonial Stock Act, 1877, applies—	
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For every £100, and also for any fractional part of £100, of the nominal amount of stock transferred	0 5 0
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And see Section 62, as follows—

"*Conveyances on any Occasion except Sale or Mortgage.* Every instrument, and every decree or order of any court or of any commissioners, whereby any property on any occasion, except a sale or mortgage, is transferred to or vested in any person, is to be charged with duty as a conveyance or transfer of property.

"Provided that a conveyance or transfer made for effectuating the appointment of a new trustee is not to be charged with any higher duty than ten shillings."

Conveyance or Transfer on sale, of any property (except such stock as aforesaid)—

Where the amount or value of the consideration for the sale does not exceed £5	0 1 0
exceeds £5 and does not exceed £10	0 2 0
" £10 " " " £15	0 3 0
" £15 " " " £20	0 4 0
" £20 " " " £25	0 5 0
For every additional £25 up to £300	0 5 0

For every additional £50, and also for any fractional part of £50, of such amount or value	0 10 0
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The original amounts of stamp duty set out in the 1891 Act were doubled by Section 73 of the Finance (1909-10) Act, 1910, which is as follows—

"The stamp duties chargeable under the heading 'Conveyance or Transfer on Sale of any Property' in the First Schedule to the Stamp Act, 1891 (in this Part of this Act referred to as the principal Act) shall be double those specified in that Schedule: Provided that this Section shall not apply to the conveyance or transfer of any stock or marketable security as defined by Section 122 of that Act, or to a conveyance or transfer where the amount or value of the consideration for the sale does not exceed £500, and the instrument contains a statement certifying that the transaction there effected does not form part of a larger transaction or of a series of transactions in respect of which the amount or value, or the aggregate amount or value, of the consideration exceeds £500" (A "marketable security," as defined by Section 122 of the Stamp Act, 1891, means a security of such a description as to be capable of being sold in any stock market in the United Kingdom.)

Stamp Duty on Gifts inter vivos By the Finance (1909-10) Act, 1910, Section 74—

"(1) Any conveyance or transfer operating as a voluntary disposition *inter vivos* shall be chargeable with the like stamp duty as if it were a conveyance or transfer on sale, with the substitution in each case of the value of the property conveyed or transferred for the amount or value of the consideration for the sale.

"Provided that this Section shall not apply to a conveyance or transfer operating as a voluntary disposition of property to a body of persons incorporated by a special Act if that body is by its Act precluded from dividing any profit among its members and the property conveyed is to be held for the purposes of an open space or for the purposes of its preservation for the benefit of the nation."

No conveyance or transfer operating as a voluntary disposition *inter vivos* shall be deemed to be duly stamped, unless the Commissioners have expressed their opinion thereon in accordance with Section 12 of the Stamp Act, 1891 (See ADJUDICATION STAMPS)

Sub-sections 4, 5, and 6 of Section 74, Finance 1909-10) Act, enact as follows—

"(4) Where any instrument is chargeable with duty both as a conveyance or transfer under this Section, and as a settlement under the heading 'Settlement' in the First Schedule to the principal Act, the instrument shall be charged with duty as a conveyance or transfer under this Section, but not as a settlement under the principal Act

"(5) Any conveyance or transfer (not being a disposition made in favour of a purchaser or incumbrancer or other person in good faith and for valuable consideration) shall, for the purposes of this Section, be deemed to be a conveyance or transfer operating as a voluntary disposition *inter vivos*, and (except where marriage is the consideration) the consideration for any conveyance to transfer shall not for this purpose be deemed or be valuable consideration where the Commissioners are of opinion that by reason of the inadequacy of the sum paid as consideration or other circumstances the conveyance or transfer confers a substantial benefit on the person to whom the property is conveyed or transferred.

"(6) A conveyance or transfer made for nominal consideration for the purpose of securing the repayment of an advance or loan or made for effectuating the appointment of a new trustee or the retirement of a trustee, whether the trust is expressed or implied, or under which no beneficial interest passes in the property conveyed or transferred, or made to a beneficiary by a trustee or other person in a fiduciary capacity under any trust, whether expressed or implied, or a dis-entailing assurance not limiting any new estate other than an estate in fee simple in the person dis-entailing the property, shall not be charged with duty under this Section, and this sub-section shall have effect notwithstanding that the circumstances exempting the conveyance or transfer from charge under this Section are not set forth in the conveyance or transfer."

The following are the Sections of the Stamp Act, 1891, referred to above—

"Meaning of 'Conveyance on Sale' 54. For the purposes of this Act the expression 'conveyance on sale' includes every instrument, and every decree or order of any court or of any commissioners, whereby any property, or any estate or interest in any property, upon the sale thereof is transferred to or vested in a purchaser, or any other person on his behalf or by his direction

"How *ad valorem* Duty to be calculated in respect of Stock and Securities 55 (1) Where the consideration, or any part of the consideration, for a conveyance on sale consists of any stock or marketable security, the conveyance is to be charged with *ad valorem* duty in respect of the value of the stock or security.

"(2) Where the consideration, or any part of the consideration, for a conveyance on sale consists of any security not being a marketable security, the conveyance is to be charged with *ad valorem* duty in respect of the amount due on the day of the date thereof for principal and interest upon the security

"How Conveyance in Consideration of a Debt, etc., to be Charged 57. Where any property is conveyed to any person in consideration, wholly or in part, of any debt due to him, or subject either certainly or contingently to the payment or transfer of any money or stock, whether being or constituting a charge or incumbrance upon the property or not, the debt, money, or stock is to be deemed the whole or part, as the case may be, of the consideration in respect whereof the conveyance is chargeable with *ad valorem* duty

"Direction as to Duty in Certain Cases. 58 (3) Where there are several instruments of conveyance for completing the purchaser's title to property sold, the principal instrument of conveyance only is to be charged with *ad valorem* duty, and the other instruments are to be respectively charged with such other duty as they may be liable to, but the last-mentioned duty shall not exceed the *ad valorem* duty payable in respect of the principal instrument

"(4) Where a person having contracted for the purchase of any property, but not having obtained a conveyance thereof, contracts to sell the same to any other person, and the property is in consequence conveyed immediately to the sub-purchaser, the conveyance is to be charged with *ad valorem* duty in respect of the consideration moving from the sub-purchaser.

"Principal Instrument, How to be Ascertained.

61 (1) In the cases hereinafter specified the principal instrument is to be ascertained in the following manner—

"(a) Where any copyhold or customary estate is conveyed by a deed, no surrender being necessary, the deed is to be deemed the principal instrument

"(b) In other cases of copyhold or customary estates, the surrender or grant, if made out of court, or the memorandum thereof, and the copy of court roll of the surrender or grant, if made in court, is to be deemed the principal instrument

"(c) Where in Scotland there is a disposition or assignation executed by the seller, and any other instrument is executed for completing the title, the disposition or assignation is to be deemed the principal instrument

"(2) In any other case the parties may determine for themselves which of several instruments is to be deemed the principal instrument, and may pay the *ad valorem* duty thereon accordingly"

Conveyance or Transfer by way of security of any property (except such stock as aforesaid), or of any security

(See MORTGAGE, etc., and MARKETABLE SECURITY)
Conveyance of Transfer of any kind not £ s d
herebefore described 0 10 0

(And see Section 62, above)

By Section 6, Finance Act, 1898—

"The definition 'Conveyance on Sale' includes a decree or order for, or having the effect of an order for, foreclosure. Provided that (a) the *ad valorem* stamp duty upon any such decree or order shall not exceed the duty on a sum equal to the value of the property to which the decree or order relates, and where the decree or order states that value that statement shall be conclusive for the purpose of determining the amount of the duty, and (b) where *ad valorem* stamp duty is paid upon such decree or order, any conveyance following upon such decree or order shall be exempt from the *ad valorem* stamp duty"

By Section 10, Finance Act, 1900—

"A Conveyance on Sale made for any consideration in respect whereof it is chargeable with *ad valorem* duty, and in further consideration of a covenant by the purchaser to make, or of his having previously made, any substantial improvement of or addition to the property conveyed to him, or of any covenant relating to the subject matter of the conveyance, is not chargeable, and shall be deemed not to have been chargeable with any duty in respect of such further consideration"

Where property is conveyed, subject to a mortgage, duty is payable upon the amount of the mortgage and interest up to the date of the conveyance.

As to stamping instruments after execution, see Section 15 of the Stamp Act, 1891, under heading **STAMP DUTIES**.

CONVEYANCING.—This is the name which is given to that part of the law which deals with the transfer of property from one person to another, and with the preparation of the documents and deeds which have reference to the transfer. Stocks and shares are frequently spoken of as being conveyed or transferred, but, in reality, the practice of conveyancing is concerned with the sale and purchase of interests in land, mortgages, leases, settlements, wills, partnership, deeds, etc.

The formalities connected with conveyancing were

of a very intricate and technical character, though much of its difficulty had been gradually removed during the past fifty years. Formerly the work was in the hands of a special class of legal practitioners known as conveyancers. These have now almost disappeared, though a few barristers do still make a special study of the subject, and are employed in the drafting of important deeds. By statute the work of conveyancing is practically limited to barristers and solicitors, unless the work is done by any person gratuitously. By Section 44 of the Stamp Act, 1891, it is provided—

"Every person who (not being a barrister, or a duly certificated solicitor, law agent, writer to the signet, notary public, conveyancer, special pleader, or draftsman in equity), either directly or indirectly, for or in expectation of any fee, gain, or reward, draws or prepares any instrument relating to real or personal estate, or any proceeding in law or equity, shall incur a fine of fifty pounds

"Provided as follows—

"(1) This section does not extend to—

"(a) Any public officer drawing or preparing instruments in the course of his duty, or

"(b) Any person employed merely to engross any instrument or proceeding.

"(2) The expression 'instrument' in this section does not include—

"(a) A will or other testamentary instrument, or

"(b) An agreement under hand only, or

"(c) A letter or power of attorney, or

"(d) A transfer of stock containing no trust or limitation thereof"

This section is for the protection of the public, because, although the great difficulties have been removed, there still remain some intricate points in certain kinds of conveyancing with which no one but an expert can deal, particularly when the title to property is in question. As a solicitor is liable to pay damages to his client if he is proved to have been negligent in conducting any work entrusted to him, no one would think of permitting any person other than a solicitor to undertake conveyancing work in his behalf.

The scale of payments to be made for conveyancing are fixed by general orders issued under the provisions of the Solicitors' Remuneration Act, 1881. These are, of course, subject to the terms of any special agreement as to charges made between the solicitor and his client. The duties which are charged upon the execution of conveyances are noted in the article **STAMP DUTIES**.

CONVEYORS.—(See MECHANICAL HANDLING OF GOODS.)

CO-OPERATION.—Co-operation, in a general sense, is present whenever division of labour enables one man to devote his time to the production of one thing or part of a thing, and to obtain from others what he himself needs. The Individualist emphasises as much as the Socialist the harmony of the interests of classes in the community, unconscious co-operation is his theory of life. "Man lives by co-operating with his fellow men." In the modern world, that co-operation is of a boundless range and an indescribable complexity. Yet it is essentially undesigned and uncontrolled. In the narrow sense, Co-operation is a system of business, an economising by buying in common, or an increase of profits by producing and selling in common. A co-operative society, whether for distribution or

for production of goods, is a middle course between Individualism and Socialism. It differs from the first in its elimination of competition among the members, harmony of interests is substituted for antagonism of interests. For the motto "Each for himself" is substituted "Each for all." It differs from Socialism in that association for the common good is voluntary and not compulsory; it seeks to justify itself and to secure its adoption by results, not by promises. Co-operation may, and does, take many forms. That characteristic of England is distributive co-operation, of France, productive co-operation, of Germany, credit associations, of Denmark, agricultural co-operation, and of the United States, building societies. All these applications of the principle aim at dispensing with the need for some class or other of middlemen, who are supposed to take toll of goods in their passage from the producer to the consumer. Struck by the apparently needless and exorbitant profits made by the retailer, men like the Rochdale Pioneers of 1844 agreed to purchase supplies wholesale and see to the distribution themselves. Regarding the capitalist employer as one who appropriated of the produce of labour more than his due share, men have put together their small capitals, their energy and skill, and their ability in management, to form associations in which they would have for themselves the whole produce of labour. Similarly, the credit association gets rid of the moneylender, the building society of the house speculator, and agricultural associations for common purchase and common sale enable even the "small-holder" to make a living. Co-operation does not seek to abolish private property, but rather to make it more general by rendering it more accessible, by dividing it into small portions, and by giving facilities and incentives to save. By means of his bonus, his "divi," the member of a co-operative society saves almost in spite of himself, he economises without privation. The greatest benefit of co-operation, however, is the education it provides for those who enter into the associations. The discussion and management of collective interests stimulate and invigorate minds, which can find little cultivation in the narrow sphere of individual interests. The need and efficacy of mutual aid become obvious, and a spirit of moderation and forbearance is generated, which contrasts greatly with the bitter, though smothered, ill-will that often exists between conflicting classes. In the productive associations those who labour with their hands learn to appreciate the ability shown in management, and when those employed also undertake the risks of the business, the need for supervision, for watching that they fulfil their engagement or verifying that they have fulfilled it, is greatly lessened. In one sense, indeed, co-operation may be regarded as an attempt to abolish the distinction between wages and profits: a business on co-operative lines is controlled not by the representatives of the investor, but by the members themselves, whether workers or consumers. The larger interests bring out higher ambitions and a steadiness and self-respect which are of the utmost advantage to the community.

The chief difficulty of co-operation lies in the question of management. Co-operators are unwilling to pay the market value for the services of the best managers, and may prefer to pay less and be served worse than is good for the concern. Moreover, it is doubtful whether the manager they

appoint will be able to enforce the necessary discipline over those on whom his place depends.

The distributive associations in England possess advantages which have made them decidedly successful. From the first, they adopted a system of cash payments, they sold at retail prices so as to permit of bonuses in proportion to the value of purchases; they saved expenses of advertising, and were yet sure of a steady flow of business; there was the less likelihood of the sale of adulterated goods; and they have consistently encouraged social feelings and educative facilities among their members. Success in directions other than distribution has been less decisive; but an instance may be quoted from the report of the Small Holdings Commission.

"The best results can only be obtained by means of some organisation which will put the small producer into such a position as to enable him to obtain a fair return for his produce and satisfy his requirements as cheaply as possible."

"This can only be done by the formation of co-operative trading societies on a sufficiently large scale to enable them to command the services of thoroughly competent managers, and by affiliating the small societies to these large organisations."

"If each small holder attempts to deal as an isolated unit not only with the productive, but also with the distributive, side of his business, it is certain that he cannot hope to obtain the best market prices for his produce."

"There seems no doubt that if all the large industrial distributive co-operative societies would undertake to organise the trade of the agricultural societies and to purchase their produce at fair market prices, they would be able to obtain the bulk of their supplies from home sources, and the producers could rely on far better prices than they now obtain from local dealers or hucksters."

COPAIBA.—Also called Copaiva. It is a balsam of a yellowish colour, consisting of a resin and a volatile oil. The odour is aromatic and pleasant, but the taste is bitter. It is obtained by exudation from various trees which are indigenous to tropical America. It is used in medicine in chronic bronchitis, to alleviate coughs, and in cases of internal inflammation. It acts as a stimulant and disinfectant.

COPAL.—A gum resin obtained from various tropical trees growing in West Africa, but the name in the trade often includes resins of similar character and use. The best copal from Sierra Leone is semi-fossil, being found imbedded in the ground. It is yellowish in colour and semi-transparent, somewhat resembling amber. When heated, it is soluble in alcohol, ether, oil of turpentine, and linseed oil. It is much used in the manufacture of lacquers and varnishes. Apart from the true copals, the Philippine Islands export a resin under the name of Manila copal for use in making spirit varnishes, etc.

CO-PARTNERSHIP.—By co-partnership is meant any profit-sharing scheme in which the employees of a firm are not only entitled to a share in the profits made, but also to a voice in the management of the firm's affairs. It will thus be noticed that it is distinguished from simple profit-sharing in that co-partnership gives employees a share in the management, whereas profit-sharing does not. Co-partnership is, therefore, much superior as a system to a mere wage-earning method, for the interest of the employee in the business is more direct under co-partnership, and thus conduces to

the maximum of efficiency. The co-partnership of labour with capital means that the worker receives an addition to the standard wages of the trade and some share in the final profit of the business, the whole or a part of such share accumulating in the capital of the business employing him, thus putting him in the position of a shareholder.

An inquiry into profit-sharing and co-partnership was made by the Labour Department of the Board of Trade a few years ago, and some of the salient points given in the report may be noted. In the majority of the cases considered, the total amount allotted for distribution among the employees as bonus was a fixed proportion of the profits, the latter being the profits earned in the year preceding the distribution. In some cases, a part of the profits was carried forward in order to enable a bonus to be paid in an occasional bad year. The inquiry elicited the fact that, in many instances, participation in the profit-sharing was confined to the employees who possessed certain qualifications, the most frequent of which was a certain length of service with the firm. In several instances, conditions were attached to participation, by far the most frequent being the signing of a contract of service for a stated period. As a general rule, the shares owned by the employees of a firm in which a scheme of co-partnership is in operation give them the ordinary voting powers, and in many cases there exist joint committees composed of employers and employees for consultation on ordinary business affairs.

Great diversity exists among present-day co-partnership schemes. At one extreme is that of such undertakings as the boot manufacturers of Kettering, whose system almost resembles productive co-operation, differing only in the fact that they have capitalists on the board of directors who do not work in the factory. At the other end are cases, barely separated from profit-sharing, in which the operatives exercise but little control, the chief function of their representatives being to voice the grievances of the men.

Complete co-partnership involves—

1. The payment of the existing standard wages of labour.

2. The payment of a fixed rate of interest on capital.

3. The division of the surplus profit between capital and labour in agreed proportions.

4. The payment for part of the employee's labour by the allotment of shares in the capital.

5. A share in the control of the business by the representatives of the employees.

At the present day there are in existence a number of co-partnership productive societies which attempt to harmonise the interests of producer and consumer, with due regard also to the claims of the holders of capital. They are working-class organisations carried on with careful attention to the welfare of the workers, as well as to the production of honest goods at a fair price. Speaking broadly, the profits of the business are used, first, to pay a fixed rate of interest (5 per cent. in most cases) on share capital and to build up a reserve, secondly, to pay a dividend on purchases to the consumer, and, thirdly, to pay a dividend on wages to the workers. Educational and provident funds are formed to aid the welfare of the workmen. The workers, in most cases, receive their profits capitalised in shares, they occupy seats on the

committee of management, and in some cases constitute the whole committee.

The following is a typical instance of the way in which such a workman's productive society distributes its half-yearly profits—

A Printing Society.

Interest on Shares at 5% per annum	£ 233
Dividend on Shares at 1½% per annum	58
Employees' Dividend at 1s. 6d in £	121
Customers' Dividend at 6d in £	112
Educational Fund	10
Reserve Fund	50
Balance carried forward	400
Total	£984

The distribution of the final profit shows that, after the worker has had his standard wages and the capitalist his standard interest on shares, the capitalist gets 30 per cent of the remaining profit, labour gets 40 per cent, and the consumer gets 30 per cent.

The same principle of co-partnership has also been applied to businesses of capitalist origin, through the adoption, by the capital holders, of the practice of sharing the profit of the business with the workers in it. The proportion of profit allotted to labour must be settled definitely for true profit-sharing, but if there is any objection to the details being made public, these can be kept secret. Co-partnership demands that the share of profit coming to the worker must be capitalised, in order that the latter may become a part-owner of the business in which he is employed.

With regard to the question of the control of the affairs of profit-sharing businesses, the workers have not as yet much voice in management in the majority of cases. However, since the publication of the Whitley Report (*q.v.*), which recommended national and distinct joint standing industrial councils in each trade, and joint committees of management and workers in every workshop—the movement towards a sharing of internal control between management and labour has gained considerable strength.

Below are given the regulations of a simple scheme which has enjoyed considerable success (in that it has added to profits and amplified wages) over many years. It was initiated by a firm of cloth manufacturers—

Division of Profits

1. The profits of the firm will be distributed as follows—

(a) Interest at the rate of 6 per cent. per annum will be paid on the Proprietors' Capital and Employees' Loan Capital for the period during which such capital has been invested in the firm.

(b) Remainder of the divisible profit will be used to provide—

(1) Additional Interest on Proprietors' and Employees' Loan Capital

(2) Bonus on wages

[The basis of this division will be as follows: The total capital for the year, and the total wages and salaries for the year, will be added together, and the profit divided between them *pro rata*.]

2. Interest on the Employees' Loan Capital will be payable in cash

3 Bonus on wages will not be payable in cash, but will be credited to the employees' individual Loan Capital Accounts. The Proprietors shall, however, have the option of paying any part or all the bonus in cash at any time, if additional capital is not required in the business.

4 No employee shall be entitled to any bonus on wages unless such employee is still in the employ of the firm at the end of the financial year of the firm, and has been continuously in the employ of the firm for at least six months immediately preceding the end of such financial year.

Any bonus due on wages paid to employees who have not been in the employ of the firm during the period necessary for them to become entitled to participate in the bonus will be credited to a special Employees' Benefit Fund. This fund will be administered to provide help in needy cases, and for the general benefit of employees, and will be confined entirely to the welfare of employees of the firm only.

5 Before arriving at the amount of divisible profits, the Proprietors may make such reserves as may be recommended by the firm's accountants.

6 The amount of divisible profits as certified by the firm's accountants to be conclusive without further evidence.

Employees' Loan Capital

7 To consist of—

(a) Accumulating bonus on wages.

(b) Cash which may be brought in by any employee from time to time at the discretion of the Proprietors.

Withdrawal of Capital

8 Any employee, either whilst an employee or when leaving the employ, may withdraw any part or the whole of any Loan Capital contributed in cash (as distinguished from bonus on wages), on giving three months' notice in writing, such notice to be given on the first day of January, the first day of April, the first day of July, and the first day of October in any year.

9 An employee, whilst an employee of the firm, cannot withdraw any part of his or her Loan Capital accumulated by bonus on wages as distinguished from actual cash contributed. Provided that an employee whose total Loan Capital (as accumulated by bonus on wages) exceeds the sum of the full wages of one year may be allowed to withdraw such excess.

10 When an employee leaves the employ of the firm before the end of the financial year of the firm, the Proprietors may at their discretion either—

(a) Repay the whole or any part of the Loan Capital (as accumulated by bonus on wages) standing to the credit of the employee immediately, without notice.

(b) Withhold repayment of the whole or any part of the Loan Capital (as accumulated by bonus on wages) standing to the credit of the employee for a period of six months.

11 Where an employee (whilst employed by the firm or on leaving the employ of the firm), before the end of the financial year, withdraws the whole or any part of the Loan Capital standing to the credit of such employee, interest will be paid at 4 per cent. per annum for the period during which the Loan Capital has been invested in the firm, from the commencement of the current financial year; or such employee shall have the option of receiving at the end of the current financial year

interest at the same rate as is paid on the remainder of the capital.

General

12 None of the regulations of this scheme shall be construed in such a manner as to make any employee of the firm a partner of the firm within the meaning of the terms of the Partnership Act, 1890, or the Limited Partnerships Act, 1907, or to be entitled to any of the rights of any such partner.

13 The Proprietors shall have the right to cancel this scheme in its entirety, at the end of any financial year of the firm, on the payment by the Proprietors of all Loan Capital due to the employees, together with accumulated interest and bonuses.

14 The Proprietors shall have the right to sell or otherwise dispose of the business to a Company formed and registered under the Companies Acts, 1908 to 1917, or any other similar Acts and to issue shares in such Company in payment of the Employees' Loan Capital. Such shares to be subject to such rights and restrictions as are laid down in these regulations, so far as they are consistent with the terms of the Acts under which the Company is registered. Provided that any employee who has contributed Loan Capital in cash shall have the option of receiving repayment of such Loan Capital either in cash or in Shares.

15 If any doubt or dispute should arise as to the meaning of any of the regulations of this scheme, the Proprietors shall have the sole right of deciding the matter in doubt or dispute.

16 A Committee representative of every department of the firm will be formed to take into consideration and advise upon any question that may arise from time to time affecting this scheme and the general welfare of the employees.

17 All books and papers issued to employees in regard to the scheme are the property of the Proprietors, to be given up by employees on leaving the employ of the firm, and must also be submitted for examination at any time.

[It is necessary for the beneficial working of the scheme, and especially during its inauguration, that there should be a spirit of co-operation and willingness on the part of employees, and that they and their committee should give all the assistance in their power to the Proprietors in regard to any difficulties and questions which may arise.]

Other aspects of the question are discussed in the article on PROFIT-SHARING SCHEMES (q.v.)

COPPER.—Probably the earliest metal used in manufacture. It is found native in the neighbourhood of Lake Superior. Its principal ores are copper pyrites, copper glance, and malachite, which are widely distributed, the chief supplies for British consumption coming from North and South America, Spain, Portugal, and Australia. The copper ores of Cornwall and Devon once supplied the greater part of the metal used in this country, but the industry has declined owing to competition with the United States, where the working of this metal is now an important industry. The smelting and refining industry has its chief centre at Swansea. Copper is reddish in colour, but becomes green on exposure to damp air. It is malleable, ductile, and tenacious, and is one of the best known conductors of heat and electricity. Its specific gravity is 8.9.

The chief commercial grades are: Best Selected, a very pure metal for making wire and sheet brass, Tough Pitch for casting, rolling, etc. Electrolytic, Standard, and Chile bars. The uses of copper are

numerous. It is employed for engravings and etchings, for copying by electrotpe, for electric conductors (as already mentioned), and for kitchen utensils, etc. Its alloys are also of enormous importance to manufacturers, the best known being bell-metal, brass, bronze, gun metal, and speculum metal. Sulphate of copper is a blue crystalline solid, known as blue-stone or blue vitriol. It is used in calico-printing, in electrotyping, in the manufacture of various pigments, and in agriculture as a weed destroyer. Powdered acetate of copper is known as verdigris, and is much used as a pigment.

COPPERAS.—A name formerly given to sulphate of iron or green vitriol. Copperas is used in dyeing black and in the preparation of ink.

COPPER COINS.—Coins made of real copper were first issued in 1672, and they continued to be the kind of issue until they were replaced by bronze in 1860. In spite of the change in the metal, bronze coins are still commonly spoken of as "coppers." Bronze is a mixed metal, composed of 95 parts of copper, 4 of tin, and 1 of zinc. Copper coins are legal tender to the amount of twelve pence only. The figure of Britannia upon the coins is said to have been modelled from Frances Stuart, the beauty, who afterwards became Duchess of Richmond.

COPRA.—The dried kernels of the coconut (*q v*) from which coconut oil is obtained. The chief supplies come from the South Pacific Islands, and are exported from Ceylon. Vast quantities of this material are imported into this country and into other European States for the manufacture of margarine, of which it forms an important component. Copra plantations are numerous and rapidly extending, principally in the Dutch East Indies, the Straits Settlements, Borneo, and in many parts of equatorial Africa and South America. The crushing of copra for extraction of the oil is done chiefly in Germany, although the industry is carried on also in the United States, Japan, and the West Indies.

COPROLITES.—The fossilised excrement of certain extinct animals, chiefly marine reptiles. They are found in various strata, and, owing to the presence of phosphate of lime, are valuable in the preparation of artificial manures. They have been obtained from Hanover and from Pennsylvania.

COPYHOLD.—This was the name of an estate or a right of holding land for which the holder, who was called the copyholder, can show no other title than the entry in the rolls of the manorial court made by the steward of the manor.

The copyholders were originally nothing more than villeins who were permitted by their lords to hold plots of land, in return for which they were compelled to perform certain services for the lords. The land belonged absolutely to the lords, who could remove the villeins from their holdings at will, but so long as the services were duly rendered, the tenants were no doubt permitted to remain upon the land in peace. When one died, his holding would be taken by his successors, and so from generation to generation the land would pass from one to another.

The Law of Property Act, 1925, has, amongst other drastic changes, abolished copyhold tenure, so that by virtue of the Act copyhold land becomes enfranchised, and is treated for the future as freehold. Certain manorial incidents still remain, but these will from time to time be extinguished. The manorial incidents which will remain are: quit rents and chief rents, fines, reliefs, heriots, fees payable to stewards and rights as to timber

Formerly, any attempt to convey copyhold land as freehold would result in a forfeiture as would any alienation without licence. Such forfeiture has been abolished, but other forfeiture still remains as an incident to enfranchised land. In the case of heriots, beasts and chattels are not seizable, but are compensated for by the payment of money.

COPYING.—A well-known, although by no means the best, method of copying letters, invoices, etc., is that of the press copy book. If the letters, etc., are carefully copied, the results by this method are generally legible enough, but it is being rapidly superseded by the rotary copier, which copies without smearing or disfiguring the correspondence. To copy a letter written in copying ink into the press copy book, the sheet is damped by a brush kept for the purpose, and the superfluous moisture is absorbed by a drying sheet. Over the drying sheet is placed an oil sheet to prevent the moisture penetrating to and spoiling the pages of the letter book on which letters have already been copied. The book is gently squeezed in the copying press, and then the dryer is removed and the letter placed face downwards on the damp page (facing the front of the book), and another oil sheet placed behind it. It is then squeezed tightly in the press for a moment or two. Typewritten letters are copied in much the same manner, except that damp sheets made of rubber or linen (velveteen is an excellent substitute) are used instead of a brush. The method is as follows: Lay an oil sheet under the page to be copied upon, and on the oil sheet the letter or other document to be copied, then place over the tissue page a damp sheet and an oil sheet over all. A dozen letters may be copied at the same time, each page, of course, being separated by an oil sheet, and each tissue having over it a damp sheet. By the rotary copier the letters are copied on a continuous sheet of paper which runs through the machine. The letters to be copied are fed between the rollers, and may be copied rapidly and with ease, each copy is afterwards cut off the roll with a pair of scissors, unless the machine has a knife which cuts the roll as each letter is copied (See DUPLICATING).

COPY OR EXTRACT, STAMPS ON.—The following are the stamp duties imposed by the Stamp Act, 1891, as to copies.—

Copy or Extract (attested or in any manner authenticated) of or from—

- (1) An instrument chargeable with any duty
- (2) An original will, testament, or codicil.
- (3) The probate or probate copy of a will or codicil
- (4) Any letters of administration or any confirmation of a testament.
- (5) Any public register (except any register of births, baptisms, marriages, deaths, or burials)
- (6) The books, rolls, or records of any court

In the case of an instrument chargeable with duty not amounting to 1s

In any other case
Exemptions. (1) Copy or extract of or from any law proceeding

(2) Copy or extract from Scotland or from the commission of any person as

£ s. d.

The same duty as such instrument

0 1 0

a delegate or representative to the convention of royal burghs, or the general assembly or any presbytery or church court

And see Section 63, as follows—

"An attested or otherwise authenticated copy or extract of or from—

"(1) An instrument chargeable with any duty,

"(2) An original will, testament, or codicil,

"(3) The probate or probate copy of a will or codicil,

"(4) Letters of administration or a confirmation of a testament,

may be stamped at any time within fourteen days after the date of the attestation or authentication on payment of the duty only "

£ s d

Copy or Extract (*certified*) of or from any register of births, baptisms, marriages, deaths, or burials . . . 0 0 1

Exemptions (1) Copy or extract furnished by any clergyman, registrar, or other official person pursuant to and for the purposes of any Act, or furnished to any general or superintending registrar under any general regulation

(2) Copy or extract for which the person giving the same is not entitled to any fee or reward

And see Section 64, as follows—

"The duty upon a certified copy or extract of or from any register of births, baptisms, marriages, deaths, or burials is to be paid by the person requiring the copy or extract, and may be denoted by an adhesive stamp, which is to be cancelled by the person by whom the copy or extract is signed before he delivers the same out of his hands, custody, or power "

(See ATTESTED COPY, CERTIFIED COPY)

COPYRIGHT.—By copyright is meant the sole right to produce or reproduce any original literary, dramatic, musical, or artistic work, or any substantial part thereof, in any material form whatsoever, and in any language, which is conferred by statute upon the author of the work and his assigns. The substantive law on the subject is now contained in the Copyright Act, 1911

Copyright is not necessarily dependent upon publication, and includes the right to perform, or in case of a lecture, speech, or sermon, to deliver the work, or any substantial part thereof, in public, if the work is unpublished, to publish the work, and also includes the sole right, in the case of a dramatic work, to convert it into a novel or other non-dramatic work, in the case of a novel or other non-dramatic work, or of an artistic work, to convert it into a dramatic work, by way of performance in public or otherwise, and in the case of a literary, dramatic, or musical work, to make any record, perforated roll, cinematograph film, or other contrivance by means of which the work may be mechanically performed or delivered; and to authorise any such acts as aforesaid

Publication, in relation to any work, means the issue of copies of the work to the public, and does not include the performance in public of a dramatic or musical work, the delivery in public of a lecture, speech, or sermon, the exhibition in public of an artistic work, or the construction of an architec-

tural work of art. The issue, however, of photographs and engravings of works of sculpture and architectural works of art is not deemed to be publication of such works

Copyright extends throughout the United Kingdom, and, subject to some qualifications, to all British possessions wherein the Copyright Act, 1911, has been adopted by the local legislature or has been declared to be operative by Order in Council. It is essential, in order that copyright should attach, that the subject-matter, if a published work, was first published within such part of His Majesty's dominions as is subject to the law of copyright, or, in the case of an unpublished work, that the author was at the date of the making of the work a British subject, or resident within such part of the King's dominions

Ownership of Copyright. In most cases the author of a work, and as regards a photograph, the owner of the original negative, is regarded as the first owner of the copyright therein, but where the plate or original of an engraving, photograph, or portrait, was ordered by some other person, and was made for valuable consideration (see CONSIDERATION) in pursuance of that order, the person who gave such order will be the first owner of the copyright, in the absence of any agreement to the contrary, and where the author of a work was in the employment of some other person under a contract of service or apprenticeship, and the work was made in the course of his employment by that person, the person by whom the author was employed will, in the absence of any agreement to the contrary, be the first owner of the copyright

The owner of the copyright in any work may assign the right, either wholly or partially, and either generally or subject to limitations to any particular country, and either for the whole term of the copyright or for any part thereof, and may grant any interest in the right by licence, but no such assignment or grant will be valid unless it is in writing and signed by the owner of the right in respect of which the assignment or grant is made, or by his duly authorised agent

Term of Copyright. Generally speaking, copyright subsists for the life of the author and a period of fifty years after his death; in photographs for fifty years from the making of the negative, but at any time after the expiration of twenty-five years, or, in the case of a work in which copyright subsisted before the passing of the Copyright Act, thirty years from the death of the author of a published work, copyright in the work is not deemed to be infringed by the reproduction of the work for sale, if the person so reproducing proves that he has given notice in writing of his intention to reproduce the work, and that he has paid to, or for the benefit of, the owner of the copyright royalties in respect of all copies of the work sold by him, calculated at the rate of 10 per cent on the price at which he publishes the work

If at any time after the death of the author of a literary, dramatic, or musical work which has been published or performed in public, a complaint is made to the Judicial Committee of the Privy Council that the owner of the copyright in the work has refused to republish, or to allow the republication of the work, or the performance in public of the work, and that by reason of such refusal the work is withheld from the public, the owner of the copyright may be ordered to grant a licence to reproduce the work, or perform the work

in public, on such terms and subject to such conditions as the Judicial Committee think fit

Infringement of Copyright. Copyright is infringed by any person who, without the consent of the owner of the copyright, does anything the sole right to do which is vested in such owner. The importation from abroad of copies, which, if made in this country, would infringe copyright, may be prohibited. Copyright is also deemed to be infringed by any person who knowingly deals in, or distributes, or by way of trade exhibits in public, a work which infringes copyright, or who for his private profit permits a theatre or other place of entertainment to be used for the performance in public of the work without the consent of the owner of the copyright, unless he was not aware, and had no reasonable ground for suspecting, that the performance would be an infringement of copyright.

The above short statement as to what is infringement must be read with some qualification, for it is expressly declared that the following acts shall not constitute an infringement of copyright—

(1) Any fair dealing with any work for the purposes of private study, research, criticism, review, or newspaper summary.

(2) Where the author of an artistic work is not the owner of the copyright therein, the use by the author of any mould, cast, sketch, plan, model, or study made by him for the purpose of the work, provided that he does not thereby repeat or imitate the main design of that work.

(3) The making or publishing of paintings, drawings, engravings, or photographs of a work of sculpture or artistic craftsmanship, if permanently situate in a public place or building, or the making or publishing of paintings, drawings, engravings, or photographs (which are not in the nature of architectural drawings or plans) of any architectural work of art, or the making or publishing of photographs of paintings, drawings, or engravings, the copyright in which is not private property and which are situate in a public place or building, maintained wholly or in part by public funds

(4) The publication in a collection, mainly composed of non-copyright matter, *bona fide* intended for the use of schools, and so described in the title and in any advertisements issued by the publisher, of short passages from published literary works in which copyright subsists, other than school books: Provided that not more than two of such passages from works by the same author are published by the same publisher within five years, and that the source of such passages is acknowledged

(5) The publication in a newspaper of a report, other than a fair summary, of a lecture delivered in public, unless the report is prohibited by conspicuous written or printed notice affixed before and maintained during the lecture at or about the main entrance of the building in which the lecture is given, and (except whilst the building is being used for public worship), in a position near the lecturer.

(6) The reading or recitation in public by one person of any reasonable extract from any published work.

(7) The publication in a newspaper of a report of a political address delivered at a public meeting

A person whose copyright is infringed has a choice of remedies: He may bring an action claiming an injunction (*q.v.*), damages (*q.v.*), and delivery to him of all the offending copies and plates. An action in respect of infringement of copyright must be begun within three years after the infringement. Further,

an offender may be prosecuted summarily, and is liable on conviction to varying penalties.

The Musical (Summary Proceedings) Copyright Act, 1902, and the Musical Copyright Act, 1906, which dealt with the open sale of copyright music, have been incorporated in the Act of 1911

As to artistic copyright, penalties may be recovered from any person who is guilty of fraudulently signing or affixing any name, initials, or monogram on any painting, drawing, or photograph, or knowingly selling, publishing, or exhibiting any such work bearing a false name, initials, or monogram, or of uttering a copy or colourable imitation of any such work, as having been made by the author of the work from which it was copied, or who makes or sells, during the lifetime of the author and without his consent, copies of any such work, with any alteration made therein by some person other than the author, after the latter has sold, or parted with the possession of such work. Proceedings in respect of the first three offences do not lie after the artist has been dead for twenty years

Subject-matter of Copyright. It may be desirable, in order to show more clearly what original productions are the subject-matter of copyright, to give a more detailed explanation of the expression "Literary, dramatic, musical, and artistic work."

A literary work includes any book, newspaper, magazine, periodical work, map, chart, plan and table, lecture, address, speech, and sermon. A dramatic work includes any tragedy, comedy, play, opera, or farce; piece for recitation, choreographic work or entertainment in dumb show, the scenic arrangement or acting form of which is fixed in writing or otherwise, and any cinematograph production, or production by any process analogous to cinematography, where the arrangement or acting form, or the combination of incidents represented give the work an original character

An artistic work includes works of painting, drawing, sculpture (including casts and models), and artistic craftsmanship; any building or structure having an artistic character or design, or any model therefor, so far as such character or design is concerned, but not including any process or method of construction, engraving, etching, lithograph, woodcut, and print, and photographs and any work produced by any process analogous to photography. By virtue of the Copyright Act, 1911, the protection of copyright is conferred, subject to special conditions, for which the Act should be consulted, upon records, perforated rolls, and other contrivances by means of which sounds may be mechanically reproduced, and it is provided that it will not be an infringement of copyright in any musical work to make such records, etc., on complying with the stipulations laid down as to paying royalties to the owner of the copyright.

Under section 15 of the Act of 1911, the publisher of every book published in the United Kingdom must within one month after the publication send a copy to the British Museum, and, if required to do so within a year after publication, must also send copies to the Bodleian Library, Oxford; the University Library, Cambridge; the Library of the Faculty of Advocates at Edinburgh; the Library of Trinity College, Dublin, and, with some possible exceptions, the National Library of Wales. The penalty for non-observance of this requirement is a fine not exceeding £5 and the value of the book. In this connection the expression

"book" includes every part or division of a book, pamphlet, sheet of letterpress, sheet of music, map, chart, and table separately published, but does not include any second or subsequent edition of a book, unless such edition contains additions or alterations either in the letterpress or in the maps, prints, or other engravings belonging thereto. In the case of an encyclopædia, newspaper, review, magazine, or work published in a series of books or parts, it is not necessary to make a separate claim for each number or part, but a single claim for the whole work will suffice. Owing to the increasing number of documents which technically fall in the category of "books," an Act was passed in 1915—the Copyright (British Museum) Act—by which the necessity of delivering copies of all books to the British Museum, under any regulations of the Board of Trade to that effect, was curtailed. Such a regulation was issued in August, 1915, and the following trade documents are no longer deliverable to the British Museum, namely, advertisements, cards, catalogues, circulars, coupons, designs, forms, labels, leaflets, plans, posters, price lists, prospectuses, show-cards and wrappers. (See *DESIGNS AND INTERNATIONAL COPYRIGHT*.)

The cases on the law of copyright since the Act of 1911 came into force have not been very numerous, nor have they established any particular principles. In almost every instance it would appear that an effort had been made by the defendants to stretch the law to the utmost limit.

COQUILLA NUT.—The fruit of a Brazil palm. The nuts are cut and polished, and being of a beautiful mottled colour, are imported from Bahia into this country for use in turnery and in the manufacture of buttons.

CORAL.—The hard, rocky substance composed of the limy skeletons of certain sea-anemones of various colours. Coral reefs and islands are found in the East and West Indies, and in other parts of the Atlantic and Pacific Oceans. For commercial purposes, the red coral of the Mediterranean is used. It is found at a considerable depth, and is obtained by dredging. It takes a high polish, and the finer qualities command big prices, particularly as the supply is gradually decreasing. Coral is exported from Messina, Leghorn and Genoa to other parts of Europe.

CORALLIN.—A name applied generally to a species of limy, pink seaweed, but used commercially for a red colouring substance obtained from the action of oxalic and sulphuric acids upon phenol. Yellow corallin or aurin is first produced, and this, when heated with alcoholic ammonia, results in red corallin or peonin. A solution of peonin mixed with calcined magnesia produces a durable Turkey red. Peonin is used in dyeing wool and cotton fabrics, and aurin is employed by paper-stainers.

CORDITE.—A smokeless explosive, which owes its name to its cord-like form. It consists of 37 per cent. of gun-cotton and 53 per cent. of nitro-glycerine, the balance being made up of vaseline. The nitro-glycerine mixed with acetate ether is poured over the gun-cotton, which has been dried and reduced to a pulp. The vaseline is then added, and the compound is mixed until it has the consistency of jelly. It is then pressed by machinery into the cord-like form just mentioned of different thicknesses for use in cartridges for propellant purposes, the variety in the thickness of the cord being necessary for the different purposes of the cartridges charged with the cordite. The manufacture of

cordite was one of the most important industries developed by the Great War. Cordite is uninfluenced by moisture or by temperature up to 93° C. It is chiefly manufactured in England at the Royal Gunpowder Factory at Waltham Abbey.

CO-RESPONDENT.—A joint respondent in an action at law, or one who is concerned with another as defendant in a law suit.

CORIANDER.—An umbelliferous annual plant indigenous to South-East Europe and the Levant, but now cultivated in various countries, including Great Britain. Its red, aromatic seeds are used in medicine and for culinary purposes as a flavouring.

CORK.—The outer bark of the *Quercus ilex*, or cork tree, a species of oak grown in Algeria and Tunis, but chiefly in Spain and Portugal. The usual life of the tree is 150 years, and, if care is taken not to injure the inner bark, the cuttings, which take place about every ten years, are actually beneficial. Longitudinal and transverse incisions are made, and the cork is removed by means of a curved knife, or by machines made for the purpose. It is then soaked in boiling water, scraped, treated with oxalic acid, dried, and superficially charred to remove any decayed parts and to conceal blemishes. Cork has a variety of uses. As it is impermeable, it is extensively employed to stopper bottles and casks, and for the same reason the inner soles of shoes are frequently manufactured from it. Net floats and lifeboats are made of it, and it is used in the construction of lifeboats. On account of its lightness, it has in recent times become a favourite material for lining men's hats. The waste, left after cutting, is ground and used for linoleum. Burnt cork is the source of Spanish black. The United Kingdom imports very large quantities of cork annually, in the form of bales weighing about 160 lbs.

CORN.—The term used to include cereals of all kinds, e.g., wheat, maize, rye, barley, and oats, all of which are dealt with under separate headings. In England the name is frequently employed to signify wheat in particular, and in North America it is used in the same way for maize.

CORNEL.—The name of the dogwood, a woody shrub growing in England. The hard tough wood is used by turners and joiners, and also for making charcoal. Another species, the Cornelian cherry, is a shrub native to South Europe, and cultivated for its fruit, which is red in colour and generally about the size of a small plum. It is used in various kinds of confectionery, and in Turkey is employed to flavour sherbet. The unripe fruit is sometimes pickled.

CORNERS.—"To make a corner in" or "to corner" a commodity or shares means that a set of individuals have acquired all the available stock, with the result that other individuals who have entered into contracts selling stock which they do not possess, find themselves unable to fulfil their engagements, so that, in their efforts to meet their engagements, these hapless individuals have to offer fancy prices for stock. In commodities, "corners" have been attempted from time to time in copper and wheat, to mention the most conspicuous instances, and in connection with stocks and shares it has happened from time to time that when there has been a large "bear" account in a certain stock, the bulls, or another group of speculators, have formed a pool to purchase all the available stock, have paid for it, and thereby taken it off the market, with the result that they can

practically dictate terms to the unfortunate "bears." (See also RIGGING THE MARKET)

CORN EXCHANGE.—(See PRODUCE EXCHANGES)

CORN LAWS.—Under this style are known the various regulations relating to the importation of corn into England from 1360 until 1846, when the whole were repealed. In the last-named year a Bill was introduced by Sir Robert Peel, by which they were to be totally repealed in 1849. From that time there have been no protective duties on grain, though in 1902 and 1903 a small revenue tax was imposed. In 1917 and 1918 there were two statutes passed—Corn Production Acts—for the purpose of stimulating the growth of corn in the United Kingdom. This legislation became necessary owing to the conditions of naval warfare waged by Germany. These were war measures, but they are permanent in character.

COROMANDEL WOOD.—Named from the Coromandel coast in the province of Madras. It is the wood of the *Diospyros hirsuta*, and is used by cabinet makers.

CORONERS.—The coroner of our Lord the King is the holder of an ancient office. A statute of the fourth year of Edward I (1275-6) states what his duties used to be—

"He must command four, five, or six men from the next town to appear before him, to take oath, and to inquire in what manner a person was slain, or drowned, or found suddenly dead. The finding of treasure in a field, rape, wounding, wreck of the sea, hue and cry after a suspected person, must also be inquired into in the same way."

A few lines of this ancient statute are here copied, together with a free translation—

"De thesauro invento, debet Coronator inquire qui sunt inventores, et similiter unde retati sunt, et hoc sic scribi potest, (si quis solito ad tabernam accessit) et dicitur sic se huerit, pro tali suspitione attachiar: debentur per quatuor vel per sex pleggi vel per plures, si invenire possint."

The Latin would make the great Cicero jump if he could see it, the English of it is—

"With regard to any treasure found, the Coronator must inquire who are the finders, and also, who are suspected, this can be known thus—if any one has been accustomed to frequent the tavern, and hath done so for long time, upon such a suspicion he may be attached by four, six, or more pledges (bailors), if they can catch him."

The importance of the coroner and of his office has been much lessened in modern times. The word "coroner" is derived from *corona* (Latin, a crown). In ancient times coroners were described as "custodes placitorum coronae"—keepers of the pleas of the Crown. Some ancient boroughs were allowed to have coroners by special grant from the king, and sometimes a grant was made to a lord of a manor, giving him the right to appoint a coroner. A coroner so appointed is called a franchise coroner.

An Act to amend the law respecting the office of county coroner was passed in 1844, by which power was given to the justices in quarter sessions to assign certain country districts to coroners. Sheriffs were to hold a special county court for the election of new coroners, who were elected by the votes of the freeholders.

The duties of a modern coroner are, generally speaking, as follows—

The Inquest. The police and others inform the coroner that a person is lying dead within his jurisdiction, if it is suspected that the death is by violence, or not natural, or sudden, and cause unknown, or the person has died in prison. The coroner must then summon, by warrant, not less than twelve, or more than twenty-three, good and lawful men to form a coroner's jury. Where there is no suspicion of violence the coroner may act without jury (Juries Act, 1918). Where there is a jury it is their duty to say how the person died, and to give a true verdict according to the evidence. The body must be viewed; the coroner examines all witnesses on oath. In the case of murder or manslaughter, the coroner must put into writing the statements on oath of those who know the facts.

When the jury give their verdict, they do so by an inquisition in writing; they say who the deceased was, how, when, and where he came by his death, if it was a case of murder or manslaughter, the jury must say, if they can, who was guilty, or who were accessories. In the case of a person charged with murder by the finding (inquisition) of the jury, the coroner must issue his warrant for the arrest of the accused person, and all the witnesses must be bound to appear and give evidence at the trial. Every coroner for a county must be a fit person, having sufficient freehold land to support his dignity. He may appoint a deputy. After an inquest upon a death, the coroner must send the necessary information to the registrar of deaths. A coroner may, after viewing a body, order it to be buried before the verdict is given and before the death is registered.

If a person summoned as a juror fails to attend, the coroner may fine him in a sum not exceeding £5. A witness must answer lawful questions put to him, the fine for disobedience must not exceed 40s. The coroner may summon as a witness the medical man who attended the deceased in his last illness, or one living near the place where the death happened. Such medical witness may be requested to make a *post-mortem* examination of the body, and, if necessary, an analysis of the contents of the stomach. The fee paid to a medical witness is a guinea, and if he performs a *post-mortem* examination, two guineas. The local authority may make a schedule of fees to be paid on the holding of an inquest within their district. The coroner must pay all the legal fees due immediately after the inquest, such fees will be repaid to the coroner by the local authority. Every borough coroner must make a yearly return of inquests to the Secretary of State.

A coroner shall continue, as of old time, to have an inquest on treasure that is found (treasure trove).

A franchise coroner is any of the following: The coroner of the King's household, a coroner or deputy-coroner to the Admiralty, the coroner of the Duchy of Lancaster, a coroner appointed for a town, lordship, manor, or university, otherwise than by election of the freeholders. A coroner no longer takes pleas of the Crown, or holds inquest on royal fish, or on wreck, or on any felony, except murder or manslaughter.

The Municipal Corporations Act, 1882, enacted that the council of a borough, having a separate court of quarter sessions, should appoint a fit person to be the coroner for the borough. The coroner may appoint a deputy in writing. Every year,

before February 1st, the borough coroner must report his inquests to the Secretary of State. In 1888 the law of coroners was further amended by the Act to amend the laws relating to local government in England and Wales. A coroner for the county is no longer elected by the freeholders of the county, but by the county council, who shall elect a fit person to fill the office. A county coroner must not be a county alderman or county councillor.

The City of London Fire Inquests Act, 1888, gives the coroner for the City of London power to hold a coroner's inquest upon any fire occurring in the Middlesex portion of the City of London. The inquest can be held only if the following, or any of them, agree to it: The Lord Mayor, the Lord Chief Justice, a Secretary of State, or the coroner. The Commissioner of Police, or the chief officer of the Metropolitan Fire Brigade must report city fires to the coroner. An inquest on a city fire takes the same form as any other inquest. The coroner will inquire what means existed for preventing the fire, or whether the fire was wilfully caused. After the inquest, the coroner must send a written report to the Lord Mayor and to the Home Secretary.

In 1892 a further slight alteration was made in coroner's law. Every coroner, whether of a county or a borough, shall appoint a fit person as deputy. The deputy must be approved by the chairman of the council or by the mayor. The deputy may act for the coroner during his illness or lawful absence. In the case of a borough deputy, he can act only under the certificate of a justice of the peace. For the purposes of an inquest, a deputy-coroner has the same rights and powers as a coroner.

CORONER'S JURY.—(See JUR)

COROZO.—A South American palm, cultivated for its nuts, often called "vegetable ivory nuts," as they consist of a hard ivory-like substance due to an excessive thickening of the cellulose cell walls. This substance is much used for the manufacture of small articles, such as studs, buttons, etc.

CORPORATION DUTY.—This is a duty of 5 per cent per annum, imposed under the Revenue Act, 1885, upon the annual value of the property of corporate bodies or of bodies which, although unincorporated, are similar in many respects to those which are corporate. As a corporation is a body which has a perpetual existence, its property can never become liable to pay death duties, and thus corporation duty is taken from it instead.

CORPORATIONS.—A corporation is an artificial person created by the law and endowed by it with the capacity of perpetual succession. It consists of collective bodies of men or of single individuals, the first are called corporations aggregate, the second corporations sole. The existence of a corporation is constantly maintained by the succession of new individuals in the places of those who die or are removed.

A corporation is considered as a distinct individual from the persons composing it. It is not the members who compose it, but the property of the corporation which is liable for its debts. The members may, however, be compelled to contribute to its assets.

It is the creation of an Act of Parliament, or of a charter of incorporation granted by the Crown. In addition to its peculiarity of perpetual succession, it possesses a distinctive name and a common seal.

In every Act of Parliament the term "person"

includes any corporation, unless there is a declaration to the contrary.

The capacity of a corporation to contract is subject to certain limitations. (See CONTRACT.)

CORRESPONDENCE.—(See COMMERCIAL CORRESPONDENCE AND LETTERS.)

CORROSIVE SUBLIMATE.—A powerful corrosive poison, technically known as mercuric chloride, or bichloride of mercury. It is much used in surgery as an antiseptic, and also in taidermis. Its chemical symbol is HgCl₂.

CORRUPTION.—(See COMMISSION, SECRET, PREVENTION OF CORRUPTION.)

CORRUPT PRACTICES AT ELECTIONS.—A statute passed in 1729 required every voter at a Parliamentary election to take an oath, declaring that he had not received, directly or indirectly, any sum of money, office, employment, or gift, in order to give his vote at "this election," and that he had not already polled. The penalty for disobedience was £500, coupled with absolute disfranchisement.

An Act to consolidate and amend the laws relating to bribery, treating, and undue influence at elections of Members of Parliament was passed in 1854. In this Act the offence of bribery is thus defined:—

"To give, lend, or procure, money to or for a voter, to induce him to vote, or to abstain from voting, to agree to give, or procure, or promise office, place, or employment to a voter, so as to influence his vote. Penalty, fine or imprisonment, or both. It would not make any difference if the offence of bribery was committed after the election."

The offence of treating is thus summarised: Any candidate who by himself or through another shall corruptly provide any expenses incurred for meat, drink, entertainment, or provision for any person, in order to be elected, or to give or to refrain from giving his vote, shall forfeit £50 and the costs of the suit, and the vote, if given, shall be void.

Undue influence consists in making use, or threatening to make use, of any force, violence, or restraint, or the infliction or threatened infliction of any injury, damage, or loss, or practising any intimidation upon or against any person, in order to compel him to vote or to abstain from voting. Or by abduction, duress, or any fraudulent device or contrivance, impeding or preventing the free exercise of the franchise by any voter. Penalty, fine or imprisonment, or both.

It is an illegal act to give, or cause to be given, to a voter on the day of nomination, or day of polling, any meat, drink, or entertainment, or money or ticket for a like purpose on account of the voter having polled his vote or being about to do so. If any candidate for Parliament shall be declared guilty by himself or by his agents of bribery, treating, or undue influence, he shall be incapable of being elected or of sitting in the Parliament then in existence. The Act of 1854 is now repealed, but the substance of it is embodied in later statutes.

The Representation of the People Act, 1867, makes it a misdemeanour for any of the following to vote at an election: Any elector who shall be hired or retained for payment as agent, canvasser, clerk, messenger, or in like employment on behalf of any candidate. The same Act makes it illegal to pay any money on account of the conveyance of any voter to the poll, also it is illegal for any person corruptly to pay any parochial rate on

behalf of a voter, to induce him to vote or to refrain from voting. Either party concerned will be guilty of bribery.

The Parliamentary Elections Act was passed in 1868 to provide more effectually for the prevention of corrupt practices. It provides for the trial of an election petition before a judge of the High Court. The judge must report to the Speaker of the House of Commons whether any corrupt practice has been proved to have been committed with the knowledge and consent of any candidate, the names of the persons proved guilty must be given, and whether there is reason to believe that corrupt practices have extensively prevailed at that election. The following is the effect of the judge's report upon the candidate: He is held to be personally guilty of bribery, his election is void if he has been elected, he cannot be elected or sit in the House of Commons for seven years from the date when he was found guilty, he cannot vote anywhere within the United Kingdom, or hold any judicial office, or be a justice of the peace. If the candidate has employed an agent whom he knew to be corrupt, having been previously found guilty of corruption, this will also make the candidate's election void. Any person not a candidate at an election who has been found guilty of bribery cannot be elected to Parliament within seven years of being found guilty, cannot vote at any election in the United Kingdom, or hold any of the offices referred to above. The above statute is now repealed, but the law has been embodied in later legislation.

The Ballot Act, 1872, makes the following matters offences: Forging, or fraudulently defacing or destroying a nomination paper, or a ballot paper, supplying a ballot paper without due authority, fraudulently putting into the ballot box anything but the proper ballot paper, taking a ballot paper out of the polling station, destroying or interfering with a ballot box, or a packet of ballot papers. The penalty is a term of imprisonment.

This Act defines personation. Any person who applies for a ballot paper in the name of some other person, or who, having voted once, tries to vote a second time, or who aids, abets, or counsels the commission of the offences, shall be guilty of a felony. The penalty is a term of imprisonment. At the trial of an election petition, one vote must be struck off the total of votes polled, for every person who voted at the election, who is proved to have been guilty of any of the corrupt practices of which this article treats.

In 1883 there was further legislation; in that year an Act was passed for the better prevention of corrupt and illegal practices at Parliamentary elections. This Act makes any person liable for treating, whether before, during, or after an election he gives, provides, or pays for any meat, drink, or entertainment to any person for the purpose of corruptly influencing him to vote, or to abstain from voting. The voter who takes the refreshment is equally guilty of the offence of treating. Undue influence consists in threatening, or using any force, violence, or restraint, or inflicting or threatening to inflict any temporal or spiritual injury, damage, harm, or loss upon any person, to compel him to vote or refrain from voting. Corrupt practice includes: Treating, undue influence, bribery, personation, and aiding, abetting, or counselling personation. Penalties—if a candidate is found personally guilty of corrupt practices, he shall not be capable of ever sitting in the House of Commons, or in

the case of his being guilty, through the acts of his agent, he shall be debarred for seven years.

Illegal practices are: Payment for conveying electors to the poll, payment to an elector for the use of a house or premises for the exhibition of election literature, payment for committee rooms beyond the number allowed by the Act. A payment made to an advertising agent or billposter in the ordinary course of his business is not an illegal practice. It is an illegal practice for a person to induce another person to vote when he knows that that person is prohibited, also to publish a false statement of the withdrawal of a candidate. Penalties—a fine not exceeding £100, with prohibition from voting for five years. If the candidate has personally been found guilty of an illegal practice, he cannot sit in the House of Commons for seven years, and, if elected, his election will be void. If the candidate has been guilty of illegal practice through his agents, he cannot sit in the House of Commons during that Parliament.

It is illegal knowingly to provide money for any payment contrary to the Act, or to let, lend, or employ any public stage carriage, or hackney carriage, or horse drawing the same (or taxi-cab) for the purpose of conveying voters to the poll. Nor must any person hire, borrow, or use any of these public vehicles for this purpose. A voter may hire a public conveyance at his own cost for his own use. Private persons may lend their conveyances to convey voters to the poll. It is illegal corruptly to induce a person to withdraw from being a candidate by the offer of payment. It is illegal to pay for bands of music, torches, flags, banners, cockades, or ribbons to promote the election of a candidate. Certain employments are illegal, but the following are allowed by the Act. One election agent, one sub-agent for each polling district in the counties, one polling agent in each polling station, one clerk and one messenger for every complete 500 electors in a borough. In a county, one clerk and one messenger for each polling district or for each complete 500 electors. The persons so employed, if electors, may not vote.

It is an illegal practice if the name and address of the printer is not printed upon all printed documents issued. It is also illegal to use, as a committee room, any house in which intoxicating liquors are sold, or any public elementary school, unless any part of such premises is ordinarily let for public meetings. The penalty for an illegal payment is £100.

The following persons are disqualified from voting, or, if they have voted, their votes are void: Those who are guilty of a corrupt or illegal practice, illegal employment, payment, or hiring, or who are disqualified by conviction for previous corrupt practice. A justice of the peace may be removed for corrupt practice, and a barrister or solicitor found guilty will be dealt with by his Inn or by the High Court. A licensed person found guilty will have his licence considered at the renewal of licences. All persons incapacitated for voting by corrupt and illegal practices will have their names published and appended to the register of electors, and sent to the overseers of the parish.

The law as to corrupt practices at the elections of city councillors, or borough or town councillors, is practically the same as that which applies to Parliamentary elections. The election court to try a municipal petition is presided over by a duly qualified barrister. The law is fully set out in

Part IV of the Municipal Corporations Act, 1882, and in the Municipal Elections Corrupt and Illegal Practices Act, 1884. A person guilty of an illegal practice at a municipal election is liable to a fine not exceeding £100, he cannot be registered as a voter for five years after the offence, or vote in an election. The town clerk in every municipal borough must make out an annual list of burgesses incapacitated for voting because of corrupt or illegal practices. This list is published to all the overseers within the district.

The election of the mayor, aldermen, and common councilmen in the City of London is governed by the same law as to corrupt or illegal practices. Voting by ballot at municipal elections within the City of London was introduced by the City of London Ballot Act, 1887, and the penalties contained in the Ballot Act of 1872 were included in the City Act. The law concerning corrupt and illegal practices was applied to the elections of county councillors by the Local Government Act, 1888, and to district councillors, guardians, and parish councillors by the Local Government Act, 1894.

The election of mayor, aldermen, and councillors of the metropolitan boroughs is governed by the London Government Act, 1899. The law as to corrupt and illegal practices applies to the metropolitan boroughs.

The whole matter of general bribery as regards municipalities is covered by an Act for the more effectual prevention and punishment of bribery and corruption of and by members, officers, or servants of corporations, councils, boards, commissions, or other public bodies, 1889. This Act does not deal with elections, but with wrongful acts done by persons when they are elected. Corruption in office is a misdemeanour, punished by fine, or imprisonment, or both.

The law was finally extended to corrupt transactions with agents. The Prevention of Corruption Act, 1906, enacts that the following are misdemeanours. If an agent corruptly accepts a gift for doing or not doing something in his principal's business, showing favour or disfavour to a person against the interest of the principal. The person who gives, or offers, the bribe has committed the offence. Agents are not only persons engaged in commerce, but also those serving the Crown or public authorities.

An extension of the law was effected by the passing of the Municipal Elections (Corrupt and Illegal Practices) Act, 1911. As this Act is one of importance, Section 1 is here given *in extenso*. It enacts—

"(1) Any person who, or the directors of any body or association which, before or during any municipal election, shall, for the purpose of affecting the return of any candidate at such election, make or publish any false statement of fact in relation to the personal character or conduct of such candidate shall be guilty of an illegal practice within the meaning of the provisions of the Municipal Elections (Corrupt and Illegal Practices) Act, 1884, and shall be subject to all the penalties for and consequences of committing an illegal practice in the Act mentioned, and the said Act shall be taken to be amended as if the illegal practice defined by this Act had been contained therein.

"(2) No person shall be deemed to be guilty of such illegal practice if he can show that he had

reasonable grounds for believing, and did believe, the statement made by him to be true.

"(3) Any person who shall make or publish any false statement of fact as aforesaid may be restrained by interm or perpetual injunction by the High Court of Justice from any repetition of such false statement or any false statement of a similar character in relation to such candidate, and, for the purpose of granting an interm injunction, *prima facie* proof of the falsity of the statement shall be sufficient.

"(4) A candidate shall not be liable nor shall be subject to any incapacity, nor shall his election be avoided, for any illegal practice under this Act committed by his agent, unless it can be shown that the candidate has authorised or consented to the committing of such illegal practice, or has paid for the circulation of the false statement constituting the illegal practice, or unless upon the hearing of an election petition the election court shall find and report that the election of such candidate was procured or materially assisted in consequence of the making or publishing of such false statements."

CORUNDUM.—A species of mineral, consisting of pure alumina. Its intense hardness, which is rivalled only by the diamond, is its distinguishing characteristic. The precious varieties include the ruby, sapphire, and Oriental topaz. These are distinguished from the common varieties by the brilliancy of their colouring and by their transparency. Emery is an impure, dark-coloured variety of corundum, owing its colour to the presence of oxide of iron. Like common corundum, emery is much used on account of its hardness for grinding, cutting, and polishing plate glass, machinery, etc. India, China, Canada, and the United States supply the largest quantities of common corundum.

COST ACCOUNTS.—"Cost Accounts" are those which contain any systematic record of expenditure incurred in production, output, construction or services rendered.

The costing of the merchant or trader who merely sells what he buys, is a comparatively simple matter.

Suppose, for example, he sells certain goods on truck at a certain place, and that he bought them F O B, his cost might be summarised as under—

Price, F O B	£
Freight, Insurance and other charges to destination	£
Expenses of delivery ex ship to warehouse	£
Expenses of delivery ex warehouse to truck	£
Rent	£
Cost on Truck	£

The installation of an efficient system of costing means a previous close study of the conditions and routine and organisation of the business to which it is to be applied, including its departmental and inter-departmental methods and relations.

To be of practical utility there must not only be regularity in critical examination by those responsible, but the information must be presented in suitable form and detail, all of which pre-supposes that the system to be installed should possess, as far as it is possible to obtain them, clarity and simplicity.

Costing primarily concerns itself with the proper record of existing facts from which (*inter alia*) any defects or improvements may be deduced, and measures, probably of another science, applied. Wasted energy, or idletime, overlapping duplication, unnecessary red-tape, defective management, hand labour instead of machine labour, are all of them irresistible factors in the consideration of improved costs, which should be adequately prepared and presented, and discussed with intelligence and regularity and not haphazard.

The construction of a sound system of costing is within the reach of every organisation of which it is an essential part. Fundamentally one of the introductory duties is to define the articles, or products, or groups of them, of which due cost should be kept, secondly to collate the various items that are to define the cost of the different processes of production, and thirdly to give due interpretation to what is called oncost, *i.e.*, the primary overhead or standing charges that often can only be incorporated in the system adopted by apportionment.

It is, however, as we have indicated, to manufacture or production, which involves outlay in wages, materials and expenses, that costing more immediately applies itself.

Broadly, we may classify the businesses or undertakings in which costing plays a prominent part as follows—

(1) Businesses or industries composed of a number of separate departments, each department dealing with a distinct description of output of goods, the objective being the cost of each department and each description of goods.

(2) Undertakings in which the cost of working is expressed in terms of a standard or unit, for instance, an electric tramway company in which the costs of operating or working are expressed per car mile run, or an electric lighting company in which they are expressed per B.O.T. unit sold, generation costs per unit generated and so on.

(3) Contracting and constructing businesses in which the object to be attained is the cost of each contract.

(4) Businesses, the output of which consists of a number of separate articles or descriptions of manufacture, each article or description necessitating certain processes in which it is desired to exhibit the cost of each department, the cost of each process, and the complete cost of the finished article or product.

In the goods and mineral-carrying operations of a railway company earnings may be expressed in terms of the ton mile and expenses in terms of the train mile, and many a suggestion for improvement must be studied from the point of view of whether it is likely to be contributory to increased ton miles or the reduction of train miles.

On the subject of whether interest should be treated as an element of cost, or as an appropriation of profit, there is abroad much diversity of opinion. We often say that there can be no appropriation to true profit until after interest has been charged on capital and provision has been made for depreciation, and it must be borne in mind that no one in ordinary conditions and circumstances ventures to put capital into a concern without the prospect of the profit being such as to return him a reasonable rate of interest with an addition varying according to the risk involved. Debenture interest, and interest on loans, in general,

are financial expenses, and in reality constitute a component part of cost, as does also interest in the capital employed.

The elements of costing are wages, materials, and expenses, or oncost, and expenses may be direct or indirect "Prime," "first," or "flat" cost is in some cases taken as representing wages and materials only, and in others as exhibited in the following form—

Wages ..	..
Materials ..	..
Direct expenses of production ..	..
Indirect expenses of production ..	..
[Such as wages of superintendents, rents, taxes, insurance, lighting, depreciation, and maintenance of plant and buildings]	..

= Prime cost

Expenses of administration and distribution ..	..
Profit + interest on capital ..	..

= Selling price

But we need not pursue these distinctions which raise various degrees of opinion, beyond stating that other names in vogue for oncost are "burden" or "overhead" expense (see Oncost). Oncost consists of expense partly variable, it may be according to quantity of saleable production, and partly permanent irrespective of production. This permanent oncost often occupies a place of considerable importance in the complete or total cost, and as a general observation, the tendency is for it to increase.

There are several methods of charging out the indirect factory expenses to the individual cost accounts or estimates, perhaps the most common method adopted being that of a percentage on the direct wages costs. The indirect expenses are necessarily estimates based upon past expenditure for a given period, it must be remembered their accuracy cannot be tested until the financial returns for the current period are made up. The actual expenditure for a past completed period on factory rent and rates, insurance, lighting, heating and power, superintendence, etc., is ascertained, and the total is expressed as a percentage on the total direct wages. The percentage thus obtained is taken as the standard rate. For example, assume that indirect factory expenses were £5,982, and total wages paid £12,000, the required percentage is 49.85 per cent, but in practice a round figure of, say, 50 per cent would be taken.

Other methods include the *productive hourly rate*, where the total number of hours worked by the employees is ascertained and the total expenses is divided by the total number of hours so as to ascertain an average flat rate per hour. The *machine hourly rate* is a similar method, but the basis is the number of hours the machinery is employed.

For selling and distributive expenses, and administrative charges or general "overhead" oncost, however, it is more usual to charge a flat percentage on the total factory cost.

The primary object in all instances is therefore identical, that is the total analytical cost of production. The cost accounts of all dissimilar producing and manufacturing undertakings obviously exhibit varying peculiarities in relation to substance of terminology, and in form and mode of

presentation. Redundant appellations should be avoided and clarity or perspicuity should take precedence of terseness. Moreover, when, as is common, a particular expression is employed to denote a grouping of several descriptions of a more or less readily associated or homogeneous nature, the signification should be comprehensive and free from potential ambiguity. Practical costing does not invite pedantic analysis, and it should be remembered that in practice most cost abstracts, as between many of the various items comprising them, are in reality a composition of fact and estimate.

Various views have been expressed on the subject of standardization and interchange of costing. Such classes of industry as gas, water, electric light and power (for which statutory forms of account are prescribed), and electric tramways freely lend themselves thereto since the revenue items in all such undertakings are uniformly common. It goes without saying, however, that there is no mutual link between interchange and free competition, and in other different undertakings the progress that has been made as regards combination of standardization and interchange is due chiefly to federation. Consolidation, association, absorption, fusion, amalgamation, working arrangements, and any other expedients and devices to which those concerned may resort, the fundamental object of which is economy and efficiency of production, increase prices, and as far as possible the elimination of free competition. In this connection, because of the evolution of commercial association and organization, many enterprises are classed as either "vertical" or "horizontal," but this by the way. As observed in current custom and practice, free competition with its advantages and disadvantages seems to be ever on the decline.

Systems of Remuneration. The subject of recording labour or wages is associated with time-keeping and allocation. Where there is a large number of men employed there should be an efficient system of recording the time service of labour, and the piece-work upon which it has been expended, for the purpose of the periodical pay bill and for the ascertainment of the cost of the work done.

There are in operation various modes or systems of remunerating labour upon which we may offer some observations.

The day-work, or time-work, method may be described as a method of remunerating labour by eliminating the quantity of work done. We may have such a system, either in whole or in part,

(1) by which each workman of a class receives the same rate of wages,

(2) by which the work to be carried out is more or less continuous, being carefully schemed and a record kept of the work done, the wages being determined on these lines.

The chief weaknesses of the day-work system are—
(1) The efficient receives no more than the inefficient,

(2) No incentive to improve methods of working and consequently increase production.

Broadly, the piece-work system denotes all those various methods or schemes for remunerating labour on the basis of the amount of work performed instead of on the time expended.

The differential piece-work system consists of a high rate per operation or piece, if a certain output in a given time be effected, and a lower rate

per operation or piece if the output be less than the standard set.

"Fixed piece-work rates" may be applied to those cases in which the rates are not subject to "cutting" or reduction.

Analytical piece-work rates signify rates applicable to convenient sub-divisions of work.

The contract or sub-contracting system describes those cases in which the foreman or other responsible person contracts to carry out the work (the company finding the material) for a given sum, the responsible person making his own arrangement with the man. Usually, however, there are certain stipulations in the contract dealing with the rates of wages and other matters.

The piece-work method is, of course, an improvement upon that of the day or time work, and satisfies the requirements of certain classes of labour. It, however, has proved a fertile source of rate cutting or rate reduction and consequent industrial strife.

The selling price of production has its limitations as regards reduction. On the other hand the wages of a piece-work man, of course, increase as he becomes proficient, and circumstances may arise in which the employer, when he is unable to effect economies in material and oncost, reduces the rates he is paying, to meet trade competition. The result is obvious, the workman curtailing his efficiency accordingly.

The premium or bonus system (of which there are various forms in vogue, differing in principle from each other in the details giving effect to them, and in the apportionment of the bonus representing the value of the intensity or premium labour) must be noted. (See WAGES.)

The principles of this description of remuneration are intended to—

(1) Increase production,

(2) Increase wages, and thus stimulate the employees to take increased interest in their work, and

(3) Produce a wider margin between manufacturing or productive wages and production.

(4) Produce a smaller ratio of oncost to production.

A rate-fixing committee or department is usually created, which also determines the standard times for various operations.

We may proceed to notice some of the applications of the system.

Time rate . 9d per hour.

Standard time 100 hours

Time occupied . 90 hours

$\frac{1}{2}$ of premium credited to workman—

90 hours at 9d = 810

$\frac{1}{2}$ of 10 = 3 $\frac{1}{2}$ hours at 9d = 30

Wages 840 pence.

or 9 33 pence per hour

If we take half of saving, we have—

90 hours at 9d = 810

$\frac{1}{2}$ of 10 The intensity of labour = 45

5 at 9d = 45

or 9 $\frac{1}{2}$ d. per hour 855 pence

Or we may have a system in which the monetary value of the premium bears the same relation to the ordinary wages due for the time taken to complete an operation, as the time saved bears to the time allowed.

Premising as above we have—

Time saved, 10 hours	} = $\frac{1}{10}$
Time allowed, 100 hours	
	Pence
9 hours at 9d.	.. 81
90 hours at 9d	.. 810 } = $\frac{1}{10}$
	<u>891</u>

$$\frac{891}{90} = \text{rate per hour}$$

In some cases the payment of the premium is not made until, say, 5 per cent premium has been earned and probably in multiples of 5 per cent thereafter

Or we may have the cardinal principle that the workman be paid a certain rate below the standard for his intensity of production.

Following the previous examples we may proceed—

90 hours at 9d	= 810
10 hours saved payable at, say, 7d. = 70	
	<u>880 pence.</u>

$$\text{And } \frac{880}{90} = \text{rate per hour}$$

Rules are made as to defective output due to inferior material, and as to workmanship. It is usually provided that if a man's work does not pass inspection he receives no premium for the work

PREMIUM CARD.

No. of Workman	....	Name of Workman	....	Rate	....
Standard Time	....	Operation	....	
Job No.	....	Reference to Drawing, etc	....	
Date and Hour of commencing Work	....			Initials	....
Date and Hour of Completion	....			Initials	....
Time taken	....			Initials	....
Time saved	....			Initials	....
Time taken	hours at	£			
Premium	"				
Overtime	"				
Allowances	"				
		Total			
Calculated by	....	Checked by	....	
Work passed	....	No. of operations	Initials	....
		or pieces passed			

or operation unless he is able to make it good in the standard time, in which case, if he does so, he, of course, becomes entitled to the premium which he has earned.

To each workman is issued a job or premium card on the lines of that shown in the first column, which is filled up in part by the drawing office rate-fixing department, foreman or timekeeper, shop inspector, counting-house, or costing department

The card may be accompanied by a stores or materials card in which are set forth the materials required, and which enables the workman to obtain his requirements accordingly

The wages of a factory are usually made up weekly, and entered in the pay bill or pay roll book which may be designed as shown on the next page. The wages paid are then dissected in a wages analysis or dissecting book, the form of this book varying with the needs of the business concerned. In some cases, the wages paid are analysed to the individual jobs or contracts, whilst in other cases the analysis may be made departmentally or according to the particular class of operation or work performed. An example is shown under COSTING

The cost clerk may use the wages analysis or dissecting book as a journal, debiting the various accounts concerned and crediting the office account, the office crediting cash and debiting the costing department with the amount of the wages cheque, as well as with the deductions made on account of any sick club, provident fund, or national health and unemployment insurance

Stores Records. It is essential that there should be in use an adequate and reliable record of all stores and materials received for manufacturing and other purposes, of their issue from time to time, and the objects on which they are consumed as well as of the quantities and values of the different descriptions of stock on hand, just as it is necessary to keep systematic and accurate records of things purchased or manufactured, their disposal and the available stock on hand at any time—in short, there should be an efficient system of stores and stock-keeping

The financial records, of course, do not show the movements in stores or stock, and, accordingly, it is necessary to devise a subsidiary set of books (stores received book, stores issued book, and stores ledger) to deal with these records

The following system may be taken as representing the practice on the subject in a certain undertaking

STORES RECEIVED BOOK

STORES RECEIVING BOOK																
Date Received		Delivery Note		Invoice	S L Folio	Name.	Particulars.	Passed by	Quality	Weight				Rate	Amount.	Total
										T	C	Q	lb			

STORES ISSUED BOOK

Date Issued	Requisition	S L Folio	Name.	Department or Shop	Particulars	Quality	Weight				Rate	Amount	Total
							T	C	Q	lbs			

The advice and delivery notes are handed to the storekeeper, the goods being in all cases inspected and passed by a competent person who initials the invoice accordingly. The storekeeper keeps a stores*received and stores issued book designed in the manner illustrated on the previous page.

The goods received and passed are entered in this book by the storekeeper, who issues goods only upon the presentation of properly authenticated requisitions and for the supply of which he receives a receipt in the form of requisition, the issues being entered in a stores issued book as on page 480. The entries in these two books are audited or verified periodically with the invoices and requisitions in the works accountant's office.

The stores ledger (page 483), to which the entries in the stores received and stores issued book are posted to suitable accounts raised therein, is kept in the works accountant's office, the posting being done by one of the staff, being one of the links in the system of internal check practised.

The storekeeper, by the aid of stores cards, is enabled to inform the works accountant, the estimating, manufacturing, or other department, of the quantities of each description of store or material on hand at any time.

At the end of each month the works accountant's department prepares a statement of the issues, and their allocations, which is dealt with by the costing clerk, the allocations being duly debited to the various works in hand, and other accounts in accordance with the statement. A copy of this statement duly certified is made for the office, the counting house, or financial department, the total of which is credited to stock and debited to stores issued account, the latter being subsequently extinguished by being posted to production accounts, various maintenance accounts, and others raised to give due effect to the allocations.

In a large proportion of the different classes of trade, it is not difficult to institute and maintain an accurate record of the quantities of purchase and sales of the things constituting the stock-in-trade of the concern.

In manufacturing entities, for example when an order is issued to the department or departments concerned to make for stock purposes and eventual sale certain articles, a definite number will be assigned to such order, and all cost in respect thereof charged to the number. When completed, the articles will be taken into stock by the stock-keeper, the costing department as representing the manufacturing or producing department being given credit for the cost as exhibited by the cost records. The sales, or issues therefrom will be recorded by the storekeeper, and possibly analysed when entered in the sales book, according to the particular practice in vogue. The merchant who merely sells that which he purchases usually possesses in handy form details of the descriptions and quantities of purchases and sales.

In the case of retail provision stores, by way of another example, it is not possible to keep a fairly reliable record of the quantities sold without much detailed and tedious dissection of the carbons of customers' bills.

As regards the modern store with its multifarious articles and numerous departments in which, as in most other trades or businesses of moment, a system of internal check is indispensable, many of the departments may keep a record of all the goods that they receive, and a dissected account

19	Employer's Insurance Proportion		Net Payment		Unemp. Ins. Fund		Nat. Health Ins. Fund		Provid. Fund		Soc. Club		Costs Total		Ex. passes and Allowances		Pre-m. and Piece Work Allowances		Over. Time		Day Work		Rate	
PAY BILL	Factor's Order No.		Piecework No.		Shop or department		Grade		Name		Workman's No.		Hours Worked		Overtime		Total							
	W		T		F		S		M		T													

STORES LEDGER

Description		RECEIPTS										ISSUES															
		S B	Date	Name.	Particulars.	Quantity	Weight			Rate Price	Amount	Total	Date	Request No	S B	Dept	Particulars	Allocation	Quantity	Weight			Rate Price	Amount	Total		
							T	C	Q	lb										T	C	Q	lb				
In some forms of the Stores Ledger, the columns for Rate or Price, Amount and Total are omitted, the storekeeper's duties being restricted to the receipt and issue of stores and their records. An alternative form provides a third set of columns to show the Balance in Stock at any given date.																											

S R B = Stores Received Book folio

S I B = Stores Issued Book folio

COST ACCOUNTS AND FINANCIAL ACCOUNTS, RECONCILIATION OF.—The object of the financial accounts is to ascertain the complete financial results of the whole of the trading operations for a stated period, and these accounts are based on records of ascertained facts. Cost accounts, on the other hand, are designed to show the cost of producing a given unit (ton, cwt, barrel, gallon, etc.), of the goods manufactured or of each job or contract undertaken, and as explained in the article on Cost Accounts (*q v*), the cost is usually divisible into four or five distinct divisions, viz—

- (1) Direct materials.
- (2) Direct wages
- (3) Direct expenses or charges.
- (4) Indirect factory expenses
- (5) Administrative charges and expenses, variously termed overhead or fixed expenses or "oncost"

Nos 1 to 4 combined give the factory or prime cost, whilst No 5 is added to produce the total cost. A percentage is then added to the total cost to ascertain the selling price

Whilst the cost of direct materials, direct wages, and direct expenses may be ascertained with precise arithmetical accuracy, the indirect factory expenses and overhead or oncost must necessarily be calculated and apportioned between the various jobs or contracts on an arbitrary or estimated basis, and the true value of the cost accounts is, therefore, largely dependent upon the accuracy with which those estimates are made.

There being a fundamental difference in the basis of compilation of cost and financial accounts respectively, it is obvious that periodical reconciliations of these two classes of accounts should be effected. Although absolute accuracy between the two cannot be guaranteed, it is possible to achieve reasonably approximate accuracy, and in some cases the differences may be traced to a definite source. Undoubtedly, the better plan is to establish the cost accounts entirely on a self-balancing basis under double entry principles, quite distinct from the financial accounts. The following summary gives an outline of the general principles involved.

The Books Required. The books required in the costing department comprise—

- (1) The Cost Ledger, containing a separate cost account for each individual job, order, or contract, according to the nature of the business.

The cost ledger should also contain five adjustment or suspense accounts corresponding to the five main items of the cost accounts, viz—

Materials adjustment or suspense account
Direct wages adjustment or suspense account
Direct expenses adjustment or suspense account
Indirect factory expenses adjustment or suspense account

Establishment charges adjustment or suspense account

- (2) Cost Journal, which is ruled (and may be used) in a similar manner to the ordinary journal used in the financial accounts. It is usually more convenient, however, to post the detail entries for materials, wages, and direct expenses from the respective analysis or allocation books, and journalise only the monthly totals of the analyses in the cost journal.

- (3) Materials Analysis or Allocation Book (sometimes called the Materials Abstract Book) showing the analysis and allocation of materials and stores

STOCK ACCOUNT.

Being an account of all stores and materials and manufactured articles made or purchased by the Undertaking to be used or consumed in the various processes of manufacturing and other purposes.

	£		£
To Stock at commencement of period at cost	8,000	By Issues to Factory for manufacturing ..	12,000
„ Purchases during the period, less trade discounts	14,000	„ Issues for other purposes (Capital or revenue)	1,000
	<u>£22,000</u>	„ Stock in hand at end of period ..	9,000
			<u>£22,000</u>

FACTORY ACCOUNT

(Section I)

	£		£
To Cost of Goods in course of manufacture at beginning of period	10,000	By Cost of completed work carried down ..	26,000
„ Issues from stock during the period ..	12,000	„ Cost of work in progress at end of financial year carried down	6,000
„ Direct purchases at cost, less trade discounts	2,000		
„ Factory Wages	7,000		
„ Inward freight, carriage, and similar charges on stores and materials for manufacturing and other purposes ..	1,000		
	<u>£32,000</u>		<u>£32,000</u>

It is more correct to add the freights and similar charges on the stock purchases to that item in the stock account rather than include them in this section. In that case only the freights and similar charges on direct purchases would be incorporated in the section.

FACTORY ACCOUNT

(Section II)

	£		£
To Cost of completed work at cost, brought forward from Section I	26,000	By Cost of completed work at end of period ..	30,000
„ Cost of work in progress at end of financial year, brought down from Section I	6,000	„ Cost of work in progress at end of period carried down and transferred to Factory Account, Section I, at the beginning of the subsequent period	7,000
„ ¹ Factory Charges— (Here should be suitably detailed such items as Repairs and Maintenance of Plant and Machinery, Buildings, Tools, etc., Foremen's Wages, Timekeeper, and Storekeeper's Wages, and the like, Depreciation, etc) ..	5,000		
	<u>£37,000</u>		<u>£37,000</u>

¹ It will be noticed that there is a credit item of £1,000 in the Stock Account for issues for other purposes (capital or revenue). Any revenue issues would be included in the £5,000 in Section II of the Factory Account.

Our trading and profit and loss account may be as under—

TRADING ACCOUNT.

	£		£
To Completed Stock at commencement of period at cost	11,000	By Sales	56,000
„ Completed work during the period, at cost	30,000	„ Completed Stock at end of period, at cost	9,000
„ Balance, being gross profit	24,000		
	<u>£65,000</u>		<u>£65,000</u>

that the following trial balance is extracted from the cost ledger as at 31st December, 19

	£	£
Work in Progress		
(Incomplete Cost Accounts)—		
Not for to 610	662	
" 611 to 620	348	
" 621 to 630	445	
Completed Stock Account		3,400
(representing totals of all completed Cost A/cs)		
Goods Sold	15,100	
Estimated Profit Account		1,890
Materials Adjustment Account		3,400
Direct Wages Adjustment Account . . .		6,430
Direct Expenses Adjustment Account . .		1,350
Indirect Factory Expenses Adjustment A/c .		3,225
Establishment Charges Adjustment Account		1,640
	<u>£19,955</u>	<u>£19,955</u>

Obviously, since the cost accounts are based partly on facts and partly on estimates, the "estimated profit" will not agree precisely with the net profit shown in the financial accounts but it should be a reasonably close approximation, and any divergencies should be closely scrutinised and investigated to ascertain the cause of the discrepancy. The great practical difficulty with all costing records is to obtain accurate and reliable information; the accuracy of the cost records is vitally dependent upon the accuracy of the analysis and allocation of the materials, wages, and other expenditure incurred. Workmen, foremen, and even some officials in more responsible positions seem at times unable to realise the intense need of absolute accuracy in recording exact quantities of materials used or time spent on each particular job. Moreover, analyses are sometimes "adjusted" to save time and trouble of investigations.

The financial accounts, of course, must be grouped into divisions or sections corresponding with the divisions of the cost accounts. A chart showing

the inter-relationship of the grouping of the financial and cost accounts is shown below.

When the final trial balance of the cost ledger is obtained and the final accounts of the financial books also are completed, the final totals of the respective groups or divisions should be compared and reconciled. Perfect arithmetical agreement cannot be expected, but provided the analysis and allocation has been adequately and correctly made, a reasonably close approximation should ensue.

Materials. The materials used as shown in the cost accounts should agree exactly with the amounts charged in the financial accounts (commencing stock + total purchases - ending stock). Any discrepancies should be closely investigated as they can result only from incorrect entries, waste in manufacture, prices wrongly charged in the cost accounts, etc. Where supplies of materials and stores are bought at varying prices during the year, difficulties may arise if a standard or average price is taken in the cost accounts, on the other hand it may not be possible to ascertain the exact cost of a particular item used. It may also be difficult to price out materials exactly on many small requisitions. These variations, however, should not occur to any great extent.

In one case which came under the present writer's notice, a manufacturing concern had a small experimental plant fitted up in a research laboratory and frequent tests were made on this plant to ascertain the possible yield of the finished product from different grades and classes of materials. Exact records of these experiments were kept but, repeatedly, it was shown that the results obtained in the laboratory were not achieved in the factory, in the latter there was a smaller yield varying from 5 to 20 per cent less. At first it was thought there was some fault or flaw in the process and the whole of the machinery and plant

INTER-RELATIONSHIP OF FINANCIAL AND COST ACCOUNTS

SUBJECT.	FINANCIAL ACCOUNTS		COST ACCOUNTS	
	Debit	Credit	Debit	Credit
Materials . . .	Purchases (Material) (a)	Supplier	Cost A/cs (e) in detail	Material Adjustment A/c
Wages . . .	Direct Wages (b) or Remunerative Wages			Wages Adjustment A/c
Direct Expenses . .	Direct Expenses or Nominal A/cs	Cash		Direct Expenses Adjustment A/c
Indirect Factory Expenses	Various Expense (c) A/cs			Indirect Factory Expenses Adjustment A/c
Establishment Charges on Oncost Sales . . .	Various Expense (d) A/cs			Establishment Charges Adjustment A/c
	Personal Account of Buyer	Sales	Goods Sold	Completed Stock A/c

- NOTES. (a) Purchases Account may be sub-divided to show separate cost of different classes of materials or stores purchased.
 (b) Only the direct remunerative wages will be shown in this account; wages of foremen, superintendence, etc., could be shown in a separate account in the Indirect Factory Expenses group.
 (c) These accounts may be subdivided under various headings for factory rent, rates, insurance, and other expenses as desired.
 (d) These expenses are subdivided in various accounts for office and warehouse rent, rates, insurance, travellers' commission and other expenses.
 (e) The completed cost accounts are transferred to a Completed Stock Account.

was thoroughly overhauled without result. Part of the process consisted of emptying sacks of material into a large vat which was subsequently filled with water and left to "soak" for several days. The workmen were allowed unrestricted access to the store to fetch the bags which were carried on trucks to the vats, taken up a ladder and "shot" into the vat. Here was ultimately found the weak link in the system, as there was no adequate supervision of the issue of materials. When the stocktaking period arrived, the actual stock of materials was ascertained to be very much greater than was shown in the stock records. Investigation and inquiries followed, and eventually the men concerned admitted that a greater number of bags had been recorded as "shot" into the vat than had actually been used.

Another cause of possible discrepancies is wastage due to carelessness or inefficient handling of valuable materials, for example, gold leaf used in bookbinding or gilding operations. Again, in the clothing trades, the skilfulness of the "cutters-out" is a variable quantity, and whilst the average quantity of material required for a certain garment is, say, 3 yds 9 ins., of double width material, a skilful cutter may be able to cut out a series of garments (assorted sizes) at an average of, say, 3 yds 6 ins. per garment or a saving of 3 ins. per unit. Although the saving or wastage, as the case may be, on a single unit is infinitesimal, yet the difference on a cutting order of 500 garments would be considerable.

Direct Wages and Direct Expenses. Provided that the analysis and allocation is correctly made throughout both the financial and cost records, the totals shown in the two sets of accounts should exactly agree. There is, however, a possible cause of slight discrepancies arising from the adjustments made at the end of the stocktaking period for wages due but not paid, or expenses incurred but not paid. Differences, if any, should be traced and accounted for.

Indirect Factory Expenses and Establishment Charges. These two items in the cost accounts are usually based on standard flat percentage rates. When fixing these standard percentages the two chief factors are (1) the actual expenditure either for a certain definite period or the average for a certain number of years, and (2) the average normal output of the factory for a certain period.

When comparing and reconciling the cost and the financial accounts, however, it is necessary to consider the actual expenditure under these headings for the particular period covered by the financial accounts as compared with the amounts charged in the cost accounts (*vide* the adjustment accounts) for the same period. The actual output for that period also must be considered. If, for example, there have been interruptions due to strikes, lockouts, or the factory is working on short time owing to depressed trade, the indirect expenses and establishment charges will have to be spread over a smaller turnover and thus increase, perhaps heavily, the standard percentage. On the other hand, when the average normal output or turnover is once reached, the indirect factory expenses and establishment charges do not increase proportionately at the same rate as the increased output or turnover, and, therefore, in times of prosperity and good trade, the tendency should be for the standard percentage to fall.

Any variations in the actual rate experienced as

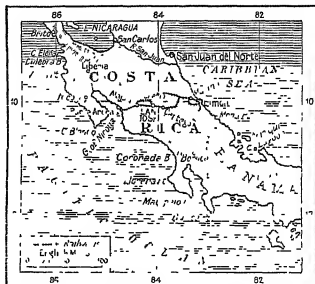
compared with the standard rate should be systematically investigated, particularly as to whether the variation is due to abnormal causes or whether it can be traced to some other definite cause which can be remedied in the future.

There is one other point requiring consideration. Many manufacturing concerns (particularly engineering works, etc.) manufacture and erect their own plant, tools, etc., and consume materials and labour which otherwise would be used in the production of goods for sale. The total of such production must be debited to capital (new plant) or to revenue (repairs and renewals, etc.), as the case may be. Adjustments for this purpose must be made in both the cost and financial accounts.

The foregoing summarises the basic principles of reconciliation of the cost and financial accounts but the application of the detail methods must necessarily vary with the needs and circumstances of each type of business concerned. Undoubtedly, the best method is that which yields the greatest degree of accuracy with the minimum expenditure of additional labour and cost in its execution.

COST AND FREIGHT.—Goods which are sold under this arrangement are not insured, but the price includes cost and freight only.

COSTA RICA.—The Central American Republic of Costa Rica, the most advanced state of Central America, lies between Nicaragua and Panama, and between Salinas Bay, Lake Nicaragua and the San Juan river. Washed by the Caribbean Sea and the Pacific Ocean, it has a very favourable position



for commerce, heightened by the opening of the Panama waterway. Its area is about 23,000 square miles (two-thirds that of Ireland), and its population is about 498,000. Most of the people are white, descendants of Spaniards from Galicia. Negroes, mixed breeds, and Indians, few in number, live almost exclusively on the coast lands.

Relief. The mountains are not a continuous Cordillera, but are divided into two groups, north-west and south-east. Between the northern volcanic section, the Gatun range, which contains the lofty volcanic peaks of Irazu and Turrialba (over 11,000 ft.) and the more regular southern Talamancas range, which culminates in peaks of over 12,000 ft., is a depression about 20 miles broad, and a little less than 5,000 ft. above sea-level at the water-parting. To the eastward, through this gap, and in a broad and deeply eroded valley, flows the turbulent

Reventazon river, and to the westward the Rio Grande de Pirris. Bounding the depression on the south, the Chirripo Grande mountain sends out ridges to east and west, forming a barrier across the isthmus. Coastal plains border both coasts, narrower and higher on the Pacific than on the Atlantic side.

Climate, Vegetation, and Fauna. Diversity of elevation causes corresponding differences in temperature—from hot tropical lowlands to cool uplands—but the climate is everywhere equable and healthy, except on the Atlantic shore. At San José, on the plateau, the temperature never falls below 60° F., and does not often rise above 80° F. The rain falls at all seasons on the east, but the period from December to April is comparatively dry in the west. On the exposed slopes of the western and northern mountains the mean annual rainfall is over 120 in. Jungle forest occurs on the lowlands, hardwood forest on the slopes, and savannahs on the cool uplands. The on-shore trade winds provide moisture for the heavy Atlantic coastal rainfall, and the mangrove-lined coastal swamps of the east and west. Animal life is abundant. South American monkeys, jaguars, pumas, armadillos, tapirs, ocelots, mountain bucks, the great ant-eaters, coyotes, weasels, otters, opossums, and migratory vampire bats, are among the mammals. Birds and insects are richly represented. Gorgeously-coloured parrots, great-billed toucans, and resplendent trogons, are found in the forests. Many of the insects are also of great beauty. Reptiles and fresh-water fish are not numerous; but fish are abundant in the seas and lagoons. Alligators and tortoises abound.

Production and Industries. Agriculture is the principal industry, and coffee and bananas are the chief agricultural products. Under American and British supervision the deep, rich, alluvial vegetable or volcanic soil yields coffee of the highest quality (usually at a height of 2,500 to 4,500 ft.) and enormous crops of bananas. Other cultivated crops are sugar, beans, cacao, maize, rice, tobacco, potatoes, pine-apples, zapote, orange, lime, mango, and cassava. Stock-rearing on the savannahs is increasing, and is capable of great expansion. As yet, the live-stock is small (cattle, 350,000, horses, 65,000, pigs, 76,000, and a few thousands of mules, sheep and goats). Mineral wealth—gold, silver, copper, and salt—is believed to be great, but remains practically unexploited. Exploitation of the forests has commenced, and hardwoods are among the exports. Manufactures are represented by handicrafts. Every Indian woman weaves native cotton and agave fibres, and the old pottery and basket-making arts have been preserved.

Communications. Nearly all the heavy transport of Costa Rica is done by ox-wagons on the poor roads, the carters travelling in long caravans. The republic contains some 500 miles of single track railway of metre gauge, largely under American control. The main systems are the Northern Railway, Port Limón to San José, 103 miles; and San José to Alajuela, 14 miles, and the Pacific Railway, Punta Arenas to San José, 69 miles. There is considerable water transportation on the San Juan river, and between Punta Arenas and other local ports on the Gulf of Nicoya. Steamship connection with most parts of the world is good, and telegraphic, telephonic, cable, and wireless services are, on the whole, satisfactory.

Trade. Most of the trade is with the United States, Great Britain, Germany, the Central

American Republics, and Spanish America. The chief exports are coffee, bananas, sugar, gold, silver, cacao, hardwoods, fruits, vegetables, fustic, hides, and rubber; and the chief imports are cotton textiles, jute sacks, hardware, chemicals, paper, foodstuffs, liquors, railway materials, machinery, paints, and cattle.

Trade Centres. Towns are small and few, and most of the ports are open roadsteads with little port equipment.

San José de Costa Rica (41,000), the mountain-cradled capital, repeatedly destroyed by earthquakes, lies on the western healthy side of the mountains, and has railway connection with Limón and Punta Arenas.

Punta Arenas (5,000), the chief Pacific port, is an attractive town, on the beautiful Gulf of Nicoya.

Limón (11,000), on the Atlantic coast, is the chief port, though it has existed only since the completion of the isthmian railway, which opened an Atlantic road beside the turbulent Reventazon river. It has a regular service to and from Colón, Belize, and New Orleans, and a brisk trade in coffee and bananas, and the general produce of the interior. Other centres are *Cartago* (19,000), *Alajuela* (12,000), and *Heredia* (13,000).

San José is about 5,700 miles distant from London. Mails are dispatched once a fortnight, with an additional service *via* New York, and the time of transit is about seventeen days.

COST BOOK.—This is a book kept in a manufacturing business for the entry of the actual cost of production of each article or class of articles. Such information is of special service when estimates are being made for the purpose of giving quotations, the cost books showing at a glance the cost of production in the past of similar or somewhat similar articles, and if being only necessary to revise such matters as fluctuations in the price of materials, labour, etc. It is essential that each particular business should have a form of cost book adapted to its particular requirements, and hence, although meeting the same objects, the forms vary considerably. Taking the case of an engineering business, the figures from which the entries are made are ascertained from the stores issued book for materials consumed, the various wages books or wages sheets for wages, cash and petty cash books for items of sundry expenses, and transfer books or sheets for materials transferred from one job to another, and the indirect expenses (sometimes known as "establishment expenses" or as "oncost"), including all expenses which cannot be charged directly to any particular job, as rates, lighting, heating, salaries, depreciation, interest, advertising and general expenses, are estimated at a percentage on materials used, or wages paid, or both together, of such amount as experience shows to be adequate.

The figures given by the cost books as the total value of the work produced in a certain period should agree with and form a check upon the total costs of manufacturing shown by the books of account.

The forms of stores issued book and of wages analysis or allocation book given on page 489, will show how the detail is arrived at for insertion in the cost book. (See COST ACCOUNTS, COSTING SYSTEMS.)

COST BOOK SYSTEM.—This is a system under which mining operations are conducted in certain parts of the country, the whole system being governed by local custom. It is practically confined to the counties of Devon and Cornwall, and

STORES ISSUED BOOK

[illegible]

WAGES ANALYSIS OR ALLOCATION BOOK

Week Ended

19

[illegible]

It seems to be doubtful whether companies so formed under this system, called Cost Book Mining Companies, can be established outside the jurisdiction of what is known as the Stannaries (*qv*). It is a species of partnership, where twenty or more persons agree to provide the necessary capital to carry on the work. The whole business is carried on by an individual who is called a "purser," and he must enter up all the mining and other accounts at regular intervals, so as to show the financial position of the concern. The receipts and expenditure are kept closely posted, and the books are frequently balanced for the purpose of distributing profits, or of raising further capital, as the case may be, a meeting of those interested being called at stated intervals for that purpose. The shareholders in mines conducted on the cost book system are usually called "partners," and they have paid up their proportion of the existing liabilities. When this has been done, their names are struck off the book.

Companies, which are within the jurisdiction of the Stannaries are regulated by the Stannaries Acts, 1869, 1887, and 1896

According to the custom which prevails in the

county of Cornwall, a person who is interested in a mine—an adventurer in a Cost Book Mine—is entitled to be paid his share of the value of the stock and plant, subject to the discharge of his liabilities to the company at that date, whenever he relinquishes his share in the concern. If the company is insolvent, the adventurer must pay his share of the deficiency. In all cases the value of the assets is ascertained by the directors of the company as a going concern on the date of the relinquishing of the shares.

COST, FREIGHT, AND INSURANCE.—The price charged for goods when insurance is added to cost and freight. (See C F I.)

COSTING SYSTEMS, GENERAL PRINCIPLES OF.—As will be gathered from the article on Cost ACCOUNTS the purpose of costing may briefly be stated as follows—

(1) To show the prime and total cost of each article manufactured, or contract completed, as the case may be

(2) To divulge results showing whether a profit

(2) To divulge results showing a profit or a loss is being made in every instance.

(3) To show the manufacturer or contractor the lowest price at which it would be safe for him to quote for a given article, or to carry out a particular contract

(4) To show which departments of his business produce the most profitable articles, and to eliminate those which are too costly to produce, or at any rate to indicate where economies must be preserved towards a cheaper rate of production. In this connection it is of inestimable value to the producer to be in a position to know upon what particular lines he should concentrate his attention, and, on the other hand, to consider whether certain products might be discarded if it is found impossible to reduce their cost of production.

(5) To provide a system of check upon the amount of wages paid and raw material purchased. In both instances a proper system of costing should be so constructed as will afford means of checking these two channels of expenditure. In the case of labour, a check is placed upon the moneys paid out by the cashier and vouched for by the overseers. Again, raw material can be traced in and out of the stores through the medium of proper stores accounts, which should be drawn up to accord with the system of costing; and, where possible, cost accounts, stores accounts, and financial accounts should be so correlated in regard to records kept of raw material and labour, as will bring the three systems into harmony at certain definite periods during the year.

(6) Finally, the cost accounts should show a result which will approximate as nearly as possible to the result shown by the trading and profit and loss accounts which deal with the affairs of the business in the abstract, the office of the cost accountant being to individualise results down to the most useful standard or unit. Though it has been contended by many eminent authorities that the best systems of costing can have but little actual relation with the dominant or financial books of account, yet it has been demonstrated in many practical ways that the possibility of bringing the results of cost records and financial records into approximate harmony should, if properly devised, be a simple matter.

The applicability of a system of costing will naturally depend upon the trade or the article produced. The following may be cited as a fairly well-recognised list of the various forms of cost accounts—

Multiple Costs. Systems of multiple costing would be employed in such undertakings as would produce a variety of products, or a product involving a number of recognised component parts, the cost of each part being treated as a separate entity—jewellers, watch and clock makers, books, agricultural implements, boots and shoes, cycles, builders' sundries, and such like.

Process Costs. Process costing is employed in industries where raw material is converted in substance for the purpose of consumption by another trade. Medical and chemical products, articles of alimentation would come under this category.

Terminal Costs. This is a system of costing involving a certain definite termination, such as a contract by engineers, shipwrights, builders, and general contractors.

Operating Costs involve the inquiry into mileage rates of railways or tramways, the cost of producing units of gas, water, or electricity.

Single Costs. Products from collieries, stone quarries, or other mineral products, such as gold and silver mines, breweries and distilleries, and all other instances where the unit of cost could be given the standard basis.

The principle involved in all of these five instances is the proper allocation of productive labour against the unit of cost it is desired to determine. Thus, in the case of a watchmaker who would employ a system of multiple costing, the wages of a given operator would be split up day by day against the number of jobs in hand, and so on for the rest of his colleagues throughout the factory. Presuming such a man to have an order to make a gross of hair-springs, this order would be given a certain number as issued by the works foreman. The workman is required to state on a time card or sheet the amount of time he spends upon this job, so that at the end of each week his time, as well as that of his fellows, can be allocated to this and other jobs passing through the department. At this juncture it is necessary to mention the precautions observed which will ensure the whole of the productive wages being charged up, because the charging of productive labour is the basis upon which practically the whole structure of costing is compiled, except as regards raw material.

Although the whole fabric of the cost accounts may be said to be entirely distinct from those of the financial books, we must not lose sight of the fact that the cost ledgers are really subsidiary to the accounts which show the trading and profit and loss accounts of the concern. Indeed, upon the successful working of the former the whole prospects of the firm might entirely depend.

Inset is given a chart showing the connection between the costing books and the financial books, and the channels through which the entries flow in both sets of books. (See also COST ACCOUNTS and FINANCIAL ACCOUNTS, RECONCILIATION OF.)

The different elements which are required to make up any system of costing are as follows—

1. *Productive Labour*, which must be analysed either daily or weekly and charged to the respective jobs or to contracts passing through the factory, the total of the amounts so charged being made to agree with the full productive wages paid.

In dealing with wages, it is advisable to introduce some mechanical means of checking time and workmen. Many useful devices exist, some even going to the extent of providing not only the full time worked by each employee, but also the time occupied on any specific job passing through the factory. In practice it has been found advisable, at any rate, to install a time-recording clock for full time worked, which shall be supported by daily dockets kept by each workman, upon which they record the time occupied upon the various works in progress, provision being made to indicate the character of the work involved. A given article may in one department pass through as many as a dozen different employees, each of a distinct character. Then again, the factory may be comprised of three or even more different departments, each being more or less recognised as practically a distinct trade. This is, of course, the outcome of the factory system. Adam Smith, in his *Wealth of Nations*, gives an instance of the number of phases through which a pin has to go before arriving at completion, each of these operations is carried out by different workmen, who, even at that time, a century and a half ago, displaced the old time craftsmen who undertook the production of this modest article from start to finish. The new principle applies in practically every trade, and the specialist now is one who merely undertakes the production of a given article at one stage only. Thus the factory is made up of a series of different

craftsmen who all, in their turn, carry out the various operations applicable to their particular work. To provide an adequate means of recording the time and the character of work employed, it is necessary to use a form which will, without unduly occupying the time of the worker, display the necessary information as to the net time occupied by him and the character of the work involved. In the majority of factories it is found necessary to have these particulars returned, day by day, to the costing department, where next morning the previous day's productive labour is dissected and charged up on to cost cards, one card for each item of work in progress. It is usual to agree these daily dissections week by week with the amount of total wages paid, or fortnightly, if such a period of payment is in vogue, the daily dockets of the men being collected into weekly batches and agreed with their time records to be handed by the overseer to the works manager, and so on to the costing department.

2. *Raw Material.* A proper system of requisitioning goods required to complete a given contract must be employed whether the goods are required from the stores of the establishment or to be especially ordered from an outside firm. It is usual, in charging up material, to add a certain percentage—say, 5 to 10 per cent—for cost of warehousing and to cover any possible loss through depreciation in value occasioned by effluxion of time, and so forth. Again, other houses add a definite rate per cent. as a profit for handling such raw material. In this instance, it is necessary periodically to check the amount charged up to the various jobs in hand, with a view to ascertaining the correctness of the entries made. The financial accounts will show a certain consumption of material under the various heads; the cost department should be able to show that the same amount has been charged up approximately through their accounts for the same period.

With regard to materials, some system of requisition docket employed by the overseer of each department must be brought into use. The requisition form must bear the number of the work order or job in hand, full particulars of the material required, with quantities and any special remarks which may be deemed necessary, the requisition order being signed by the employee, countersigned by the foreman. When the material has been handed out, the storekeeper will retain this requisition order as a voucher, entering the particulars in his stores ledger to correspond with the transaction. Should special material be required, *i.e.*, some goods which are not kept in stock, the overseer will hand the requisition to the order office, where instructions will be sent out to the firm supplying the goods, which, when delivered, will be fully charged up to the work order indicated on the original requisition form; but will, nevertheless, be passed through the stores ledger as a record of the goods having been received, and in order that some check may be placed upon the system, to show that the whole of the raw material passing through the various headings of material consumed has been charged up from time to time.

The term "raw material" is somewhat misleading from the practical economic standpoint. Its theoretical equivalent signifies a product upon which no labour has been expended. For the purposes of costing, it must be regarded as that commodity which reaches, or is bought by, the consumer in the state required for his use. Thus,

wool is the raw product to the cloth factory, whence it evolves as cloth, to become the raw product for the manufacturing clothier.

3. *Establishment Charges or Overhead Burden.* This is added to the cost of productive labour involved, and embraces all charges such as administrative wages, rent, rates, and taxes, repairs, renewals, depreciation, power, light, and heat, and all other charges incidental to maintaining the efficiency of the factory. The method of application is to base a certain percentage, represented by these outgoings, to that of the known amount expended for productive labour; thus, assuming that in a given year a firm spent £5,000 in productive labour, whilst the outlay represented by administrative wages and salaries, rent, and other items, as mentioned above, amounts to £7,500 for the same period, then the overhead establishment percentage to be charged, in addition to the productive labour involved, will be as 5,000 is to 7,500, or 150 per cent. It is usual in this case to allow a reasonable margin to cover contingencies and possible unforeseen fluctuations. (See ONCOST)

4. *Expenses of Distribution, or Selling Expenses.* In cases where a separate establishment exists for the purpose of warehousing and distributing the product, the full system of selling costs becomes advisable. The product as it reaches the warehouse will be known in value from the factory costs previously explained. At this stage it becomes necessary to ascertain the cost of marketing each unit, though in the majority of cases, especially where it is found necessary to create different branches or departments, a system which will exhibit a percentage of cost to the known value of the product as it leaves the factory will suffice.

5. *Profit.* This is a certain rate of percentage to be added to the cost of production, which now includes productive labour, raw material consumed, factory burden, and administrative charges, and cost of distribution. The rate of percentage to be added for profit will, of course, depend upon many factors, such as, for instance, the question of competition and the prices a similar article is capable of maintaining in different markets.

Selling Costs. There is a growing inclination on the part of some of our large shopping emporiums to take percentages of cost in dealing with their goods. The usual method is to take the net value of the purchases over a given period, and upon this sum to place a percentage for the whole of the expenses of the establishment even to the extent of depreciation, debenture interest, directors' fees, and so on, the object being to show that in handling a given article it is necessary to place a given sum over and above the cost price, if a suitable margin, to provide for the profit it is desired to earn. This system is not, in effect, strictly speaking, a costing system; it is more a question of ways and means in the administration of a retail establishment, the percentage arrived at serving as a guide in marking up goods for sale. In multiple shop systems, where wages and other expenses can be analysed or directly charged to the different departments, it is possible to arrive at a percentage of cost for each of such departments. Under such an arrangement a certain percentage would be applied for the direct charges of administering each department, a further percentage for the cost of administering the whole business. This last percentage applies to all departments. (See also COST ACCOUNTS)

COST RECORDING.—(See WORKS OFFICE)

COSTS.—This word generally denotes the expenses which are connected with litigation. In all cases which are tried without a jury, the judge has a complete discretion as to the awarding of costs, whichever of the parties happens to be the successful one in the long run. In many suits, however, especially those connected with wills and administration, unless the litigation is of an outrageous character, costs are ordered to be paid out of the fund in dispute. In the case of trial by jury, however, the general rule is that costs follow the event, *i.e.*, that if the plaintiff succeeds he is awarded the costs of the proceedings, and if the defendant is successful, the plaintiff is ordered to pay the defendant's costs. This general rule is, nevertheless, subject to this proviso, *viz.*, the judge may order the successful party to pay the costs if he sees good cause for so doing. Costs are awarded under several heads. First, there are "party and party costs." These are the costs which are certified for by the taxing master, and are those which are considered to be actually essential in the conduct of the litigation. Of course, they are often very much less in amount than the actual money expended by the successful party, who will himself have to pay any special expenses incurred by his own solicitor. Secondly, there are "solicitor and client costs." These include many items not allowed under the first estimate. Generally speaking, these cover almost the whole of the expenses of the litigation. Thirdly, there are "all costs." This means that every item is allowed for. Trustees who are compelled to go into litigation are frequently indulged in the fashion.

Formerly no costs at all were allowed in criminal cases, but now, by an Act passed in 1908, a court before which an indictable offence is tried may make an order as to the payment of costs out of the county or borough funds, according to a scale and under the regulations of the Home Office, or an unsuccessful prosecutor or defendant (or prisoner) may be ordered to pay personally the costs incurred. Again, by the Poor Prisoners' Defence Act, 1903, the court may allow a prisoner or defendant to have legal assistance in the conduct of his defence, and it will provide for the costs of such defence.

N.B.—There is a technical distinction between the terms "prisoner" and "defendant." The former is used when the accused is charged with a felony (*q.v.*), and the latter when the charge is a misdemeanour (*q.v.*).

COTTON.—This valuable fibre is obtained from various species of *Gossypium*, a genus of plants belonging to the order *Malvaceae*. These abound in the United States and in India, and are also cultivated in Egypt, East and West Africa, Brazil, the Argentine Republic, the West Indies, South Africa, and Queensland. The cotton is the downy coating of the seeds, from which the fibre is separated by means of a cotton-gin. It is then pressed by hydraulic power into bales, varying from 250 to 700 lbs. in size. A bland oil is extracted from the seeds, and the residue is used as a cattle food.

There are various classifications of cotton, and samples of every class are kept as standards for reference by the Liverpool Cotton-brokers' Association. The chief supplies come from the United States, but the cotton famine produced by the American Civil War (1861-65) led to the opening up of the Indian market, which has been growing in importance ever since. America still supplies the finest and most silky long staple cotton. Egypt

exports increasing quantities every year, the brown variety being soft and silky, while the white is usually hard and harsh. The cotton imported from Brazil is also harsh in staple, and that from the East Indies is of the most inferior quality. Every effort is made to encourage the cultivation of cotton in the British Empire, and the imports into England from various British possessions are rapidly increasing in value. According to the statistics of the Board of Trade, British commerce in cotton and cotton goods is almost equal to that of the rest of the world collectively, England's position as the leading cotton-manufacturing country having been unchallenged since the introduction of the industry.

There are considerable imports of cotton waste, as the tremendous quantity of refuse obtained from the English mills is still insufficient to supply the demand. Common carpets, counterpanes, wicks, twine, and wadding are some of the most important articles manufactured from it.

As to the use of cotton in the manufacture of explosives, see **GUN COTTON**.

COULISSE.—This is the unofficial market on the Paris Bourse, consisting in the man of high-class firms and arbitrage houses. It is a much larger organisation than the *agents de change*, or official members of the Parquet, but it is less responsible. The members of the *Coulisse* are called "Coulissiers."

COUNCIL DRAFTS.—Drafts issued by the Bank of England on behalf of the Secretary of State for India, upon the Indian Government, and payable at the banks of India. They are issued to prevent the frequent transmission of bullion from the one country to the other.

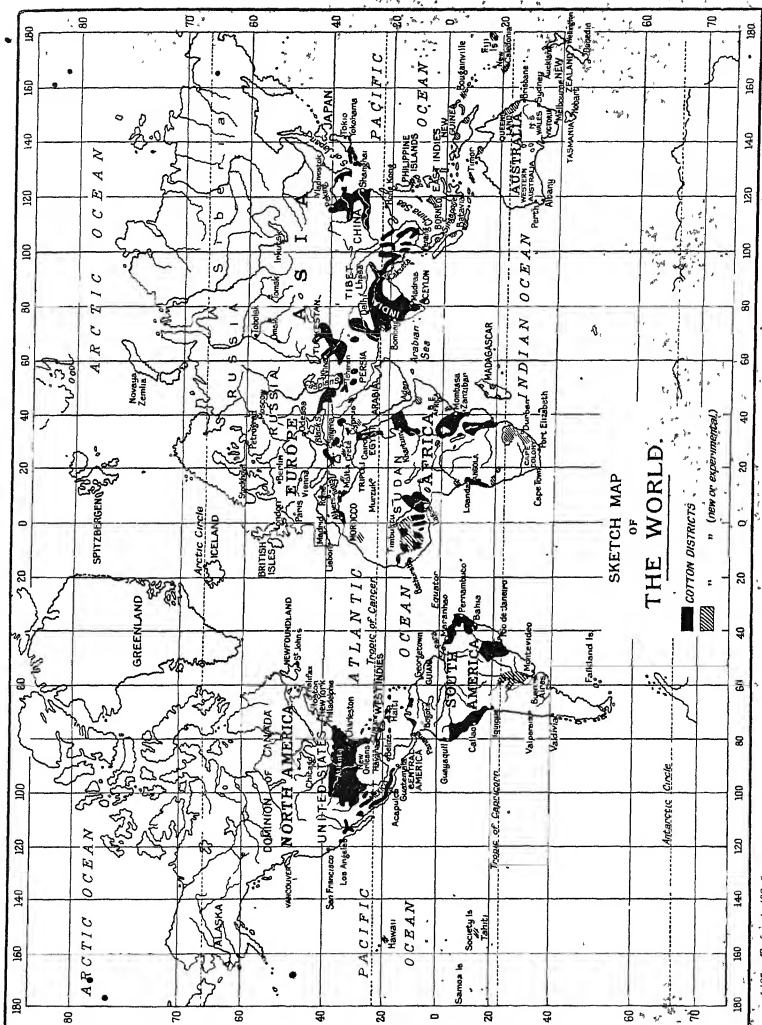
COUNTERCLAIM.—This is the name given to a cross claim which is set up by a defendant in an action brought by a plaintiff in the High Court or in a county court. It is not at all necessary that a counterclaim should have anything to do with the plaintiff's claim, in fact, it may be totally distinct from it. In reality, it is in the nature of a fresh action which is only brought about owing to the plaintiff's having commenced an action. In this respect a counterclaim differs from a set-off (*q.v.*). It is for the purpose of avoiding a multiplicity of actions that different causes of action are now allowed to be tried at one and the same time, so long as they are between the same parties. (See **SET-OFF**.)

COUNTERFEIT COINS.—(See **BASE COINS**.)

COUNTERFOIL.—This is the piece of paper attached to a cheque, receipt form, or other document, on which are noted brief particulars as to the date, name, etc. filled in on such document. Counterfoils are used chiefly for record purposes. In the case of a cheque, for example, date, name of payee, amount, and particulars of what the payment was for, would be noted on the counterfoil before the cheque was torn off, and as cheques are usually bound in book form, the counterfoils which remain are permanent records of the cheques made out.

COUNTERMAND OF PAYMENT.—An order made by a customer forbidding his banker to pay one or more cheques issued by him. Unless such an order is given, a banker who refuses to honour his customer's cheque, provided the customer has funds to meet it, or has an arrangement as to an overdraft, is liable to an action for damages.

A countermand of payment can be given only by the drawer, but if the holder of a cheque loses it, a notice given by him to that effect would put



the banker on his guard, pending instructions from the drawer

The order countermarching payment should be in writing. The following form should be used—

To the A and B Bank, Ltd., Birmingham,
January 1st, 19..

Please stop payment of cheque No. 389745,
dated December 30th, 19.., for £35 7s 9d, signed
by me and made payable to Joseph Robinson,
which has been lost

JOHN JONES

As to whether payment of a cheque can be stopped by means of a telegram, see PAYMENT STOPPED. (CHEQUES)

COUNTERMARK.—An additional mark. Sometimes imported or exported goods are packed together, and the several persons place their marks thereon. Such goods are said to be countermarked, and must be opened in the presence of the agents of all the owners

COUNTERPART.—This word signifies the duplicate of any instrument. In many cases of agreements, etc., each party desires to retain a copy for himself, and then counterparts or duplicates must be prepared. The word is, however, most commonly used in connection with leases—the lessee receives the lease signed by the lessor, and the lessor receives a counterpart or copy of the lease signed by the lessee.

The stamp duty on a duplicate or counterpart is provided for by the Stamp Act, 1891, as follows—

Where such duty does not amount to 5s $\left\{ \begin{array}{l} \text{The same} \\ \text{duty as} \\ \text{the original} \\ \text{instrument.} \end{array} \right.$

In any other case $\frac{1}{2} \text{ s. } d.$
0 5 0

By Section 72 of the same Act—

"The duplicate or counterpart of an instrument chargeable with duty (except the counterpart of an instrument chargeable as a lease, such counterpart not being executed by or on behalf of any lessor or grantor), is not to be deemed duly stamped unless it is stamped as an original instrument, or unless it appears by some stamp impressed thereon that the full and proper duty has been paid upon the original instrument of which it is the duplicate or counterpart"

COUNTERSIGN.—An additional signing. When a document is signed by more than one person, any person after the first one is said to "counter-sign" it

COUNTERVAILING DUTY.—This is the term used to describe an import duty which is levied for the purpose of protecting a certain product or industry from unfair foreign competition. Examples of countervailing duties are those imposed by Great Britain under the Safeguarding of Industries Act.

COUNTING-HOUSE.—The house or room specially appropriated by merchants, traders, and manufacturers to the purpose of keeping their books, accounts, letters, and papers.

COUNTING-HOUSE ORGANISATION.—A counting-house may be described as the room, or suite of rooms, set apart in a business establishment for the keeping of the accounts of the business, and for duties directly appertaining to the accounts. That includes the taking and paying of cash, and the receiving and sending, copying and filing, of letters and business forms relating to cash and accounts. It is true that work of other kinds is often done in

the counting-house; but the name would hardly be given to an office where no accounts were kept or where no cash was handled. The principal functions of a counting-house are those just indicated, and it is of these chiefly that this article must treat

But commerce varies greatly. The business of a banker or a stockbroker, of a railway or an insurance office is highly specialised, and its organisation must be suited to the particular activities engaged in. For that reason the methods here described must be taken as applying to the more common forms of commercial pursuits, and more particularly to trading and manufacturing concerns. Further, only an outline sketch of counting-house organisation can be given. Details with which to fill the outline in will be found in separate articles—in those, for example, on book-keeping and the organisation of accounts, on card ledgers and loose-leaf books, on commercial correspondence and type-writing; filing, duplicating and card indexing, on cheques and the banking account.

1. **Keeping the Accounts.** The purposes are various for which accounts are needed, but the service most frequently demanded of them is to show what is owing to any creditor, or by any debtor, on any day. Much of the other information that accounts should yield—about turnover, profits and expenses, about liabilities and assets—would be of a confidential nature, and such as only the head of the accounting section of the counting-house would be required to supply. This information would be kept in books that the other book-keepers were not given access to.

The bulk of account-keeping, however, consists of the *daily entering up* of lists of purchases and sales, of cash receipts and payments, and the *posting* of these to debtors' and creditors' accounts. With this work goes the *filing* of the original and copy documents from which the entering is done. Unless the business were a small one *creditors' accounts* would have a ledger to themselves. It would be posted on the credit side from a *Purchases Journal* entered from invoices received, and on the debit side from payments in the cash book. With this ledger creditors' statements would be carefully checked before remittances for them were sent.

Probably sales would be so numerous that a number of day books or *Sales Journals* would be needed to record them. These would be divided on an alphabetical, geographical, or other plan, and the *Debtors' Ledgers* would be arranged to correspond. Journal clerks would make the entries in the journals from copies of the outward invoices, and ledger clerks would then post the entries to the customers' accounts. To facilitate this procedure separate sets of journals might be used on alternate days, one set being posted whilst the other was being written up. Where the business had several selling departments *analysis of purchases and of sales* would be required to show how much belonged to each department. This analysis would be part of the work of the journal clerks, but the totals of the sales and purchases would be carried periodically to the private books. The sales ledger clerks would also post the cash received from customers, and would render to them *statements of account* as each month's or week's transactions were completed.

2. **Handling the Cash.** It should be one of the rules of the counting-house that a *copy be kept of every receipt given for money coming in*. These

receipts would be taken from a book of forms in which the copies would be left in the shape of counterfoils or of carbon duplicates. The copies would be the source from which the receipts side of the *cash book* was compiled. Strict observance of this routine will ensure that every sum received is entered in the cash book, and will prevent the rendering to a customer of an account already paid.

With respect to payments out, no money should ever be given from the cashier's till without a *receipted bill being taken in exchange* at the time, or without the handing in of a *pay-out slip* properly sanctioned and signed, when a bill cannot be obtained. This rule, and that about keeping copies of receipts given, are designed to prevent omissions and check errors in the cashier's records, and so save time and worry in the daily balancing of his cash. Receipts would also be required for the cheques sent out, and, when they came to hand, they would be filed away to serve as *vouchers* for the accuracy of the relative entries in the cash book. Some houses prefer to take these receipts on forms printed at the foot or on the back of their cheques, and then the receipts reach them through their banks after the cheques are paid.

In a business where the daily remittances from customers were many, separate *cash received books* would be kept by assistant cash clerks. The books would be divided to correspond to the sales ledgers to which the cash entries would be posted, and alternate sets could be provided in the same way as with sales journals. A separate *payments book* might be used from which the cash postings to the creditors' ledger would be made. A *general cash book* would then be kept by the cashier in charge. In that he would enter only the totals of the other cash books, together with such receipts and payments as the other cash books were not intended to record. This book would show what cash was in hand and at the bank, and the entries in it would be posted by the person entrusted with the keeping of the confidential accounts.

3. **A Scheme of Checks.** Before they are entered in the books, invoices inwards and outwards should be checked with the goods they represent, with the orders given or received, and in regard to the correctness of extensions and additions. If the business books were fully and regularly audited by outside accountants, a large part of the other checking might be left to them alone; but, for customers' accounts at least, an independent "calling back" of entries and postings has to be carried through before the statements of accounts are rendered. A reliable member of the office staff may be appointed *inside audit clerk*, and held responsible for going over all the work, checking invoices to journals, receipts to cash books, and journals and cash books to the *bank*. By this special checking, which not only is a check on the cashier's work, but also a check on the *bank*, the errors of the *bank* are discovered and rectified in the press of work at the close of the trading period. With this aim the journals can be kept in a columnar form that will make it practicable to *test each ledger separately*. These tests must not be left to the ledger clerks themselves.

Of payments made otherwise than by cheque

wages will probably be the chief. They should be made from *wage books or sheets* written up and signed by persons who take no hand whatever in the paying, and the money required each pay-day should be obtained from the bank by a cheque drawn specially for the purpose. *Petty disbursements* are usually made from a fund kept by a junior cashier, and there is refunded to him, preferably by cheque weekly or monthly, the exact amount of the pay-out vouchers he produces. At the same time his balance in hand is checked. Other disbursements may be made in coin, or notes, or postal orders, especially if they are of small amount, but the safest course is for all *outward payments to be made by cheque* and for all receipts to be banked each day. Not only does this procedure simplify the keeping of the cash, but it brings all outgoings under the notice of principals when the cheques are signed. In that way opportunities are lessened for the covering up of irregularities and fraud. For a similar reason the clerks that keep the ledgers should take no part in the receiving and paying of accounts, but with a small staff this ideal division of duties cannot be secured, and the best arrangement that circumstances permit has to serve instead.

4. **Credit and Finance** is a department of counting-house duties that may best be controlled by a principal of the business, or by assistants in charge of different sections of this work, and responsible to the principal himself. The department must keep itself posted up regarding the money lying out in customers' accounts and absorbed in stocks of goods. There must be held constantly in view the relation of this locked-up cash to the turnover of the business and to the working capital at its command. *Outstanding book-debts and excessive stocks* must not be allowed to swallow up the liquid capital that the business needs for meeting its liabilities as they fall due. All orders for *purchases* should be reported to the controller of finance, or should be passed to him to be signed with his authority before they are despatched. He can then have records made of all engagements entered into, and of when they will mature. From the accounts kept of purchases and sales *monthly estimates of stocks on hand* can be prepared. Each buyer may then be informed from time to time of his position in this respect, and, if necessary, held down to an average stock commensurate with the turnover he is doing.

Orders coming in from customers should all be marked with this department's *authorisation of credit* before they are passed on for execution. It will be with backward payers only that difficulty will arise, and it may happen that new orders must be refused or held over until arrears of previous accounts are paid. When the monthly statements are prepared those of *accounts that are overdue* must be picked out to be dealt with by the financial head, or by someone under his instructions. Accounts due to creditors should also be referred to him or his department for the *payments to be sanctioned* before the cheques are drawn. The state of the *bank account* is his particular concern; and, where special arrangements for accommodation by the bank were necessary, it would be for him to see that they were made.

5. **Correspondence.** A large *incoming mail* will require that several responsible persons shall open it, so that its contents may be distributed without confusion and delay. As the letters are opened

they will be sorted in batches according to their nature. Inquiries, orders, remittances, complaints, invoices, statements, quotations and letters from suppliers of goods, will all be kept distinct, and some of them probably stamped to indicate their contents or enclosures. They will also be stamped with the date of receipt, and with blanks that, when filled, will tell when each letter was answered or otherwise dealt with, and by whom. They should be listed under senders' surnames and towns in a *letters received book* or on sheets, which will show where the letters go to, and who then takes them in charge.

All letters received by the morning mails should be given attention that day, if possible—but those coming in during the afternoon may, unless urgent, be left to the following day. Certain clerks will be responsible for dispatching outward letters at the times appointed. A *post book* will keep record of what letters are sent off, and when, and will account for the postage stamps used each day.

The character of the business engaged in will probably determine if any letters received are to be handed on from the office to other departments, or if only extracts and instruction sheets are to be issued for attention. Whichever practice is followed, there should be *only one correspondence staff* to deal with customers' communications. This prevents duplication and overlapping, and it gives unity of treatment. Besides, correspondence with customers, or would-be customers, is always highly important. It should, therefore, always be conducted by an efficient staff under a trained and capable head.

Nowadays the letters and other communications of the best houses are typed—usually from shorthand notes. Not only does the *typewriter* save time in the putting of the letter on paper and in the copying of it, but its work looks better and is easier to read than any but the best handwritten matter. Printed forms with blanks to be filled in are used where suitable, but, except in unimportant formalities, a *carbon* or *other copy* must be kept of every document sent out. The copies are filed for future reference along with any inward letters that they answer, and for this purpose *vertical filing* is the best. There ought to be but one group of filing cabinets for the whole of the letters of the business, as separate files in different parts of the establishment are not likely to be kept in thorough order. A *central filing system* also prevents portions of the same correspondence finding resting places in different quarters, and leaves no room for doubt about where to look for any document required. Moreover, the most efficient service will probably be obtained only when a central typing staff is charged with all the correspondence of the house.

6 Lay-out and Equipment. A *public counter* will be necessary in the counting-house, and near it should be grouped those sections with which callers oftenest need to deal. Near it also should be located the *private rooms of principals*, so that seekers of interviews who are admitted may be expeditiously passed in and out. The answering of public and departmental telephones may be other work that the juniors here are called upon to do. From this counter at the entrance the body of the office may be in part shut off by a screen some five feet high; but partitions up to the ceiling and unnecessary doors and *hole-and-corner places* should be *done away with*. They waste space, obstruct communication, shut out light, and interrupt the view. Private offices will be required for interviews

that it would be impolitic to hold openly. They are convenient, too, when with trying or pressing work on hand one seeks quietness and security from interruption. But the head that rings himself round with barriers cannot keep in freest touch with the work of his subordinates. He misses many chances of seeing what goes on amongst them, and of keeping things running smoothly when, at times, they tend to go awry.

Another rule of arrangement is that *those whose duties interlap should be near each other*. Location of duties should be so planned that work taken up at one point shall *move forward in continuous line* through all the stages of its progress, that doubling back and wasteful movements to and fro shall be eliminated. It will probably be to best advantage for *desks to be arranged in rows in the middle of the office*, accessible from all sides and receiving light from the left. Shelves and cabinets can be placed against the walls. *Storage rooms* should be provided to which old books and papers can be removed, and *safes will be needed to protect the most valuable documents and books from fire*.

The typing and filing staff must be so situated that it can be reached easily from all parts of the counting-house and beyond. Round the typewriters and the calculating machines glass screens may be necessary in order to deaden the noise. For all purposes *desks with bare tops* are to be recommended, with few drawers and pigeon holes in which to harbour miscellaneous papers and collections of odds and ends. For many purposes high desks are better than low ones, because they allow the user to stand up comfortably to his work, and to sit when he needs a change. Generally, the counting-house should be a place where the staff can get through its duties free from avoidable hindrances and discomforts.

7 Administration. Definite duties must be assigned to each person, or to each person and his or her assistants, and he or she must be *held accountable for the duties being carried out*. Still, a state of affairs in which only one person knows some essential job must never be allowed. Every clerk engaged on important work should, if possible, have a double engaged on similar work, or an understudy, or a predecessor in the job, who can step in and carry on in the first clerk's absence. It should be the law—written or unwritten, but always understood—that certain *stages of the work are to be completed by appointed times*. Cash should be entered and balanced on the day it is received or paid, sales journals written up on the day after the goods are sent; the postings made on the next again. It might be the rule that each week's totals in the journals be made, dissected, and summarised by Wednesday in the following week; that customers' statements be posted by the 10th of every month. Some recognised *standards of neatness and accuracy and speed* should be required, so that anything falling below these will, as a matter of course, be rated as deficient, anything excelling them, known and felt to be commendable. Supervision should see that the younger members of the staff are being carefully trained.

The three main counting-house divisions—accounts, cash, and correspondence—will each have a competent head. There may be a *manager with authority over all*—the secretary, perhaps, in the case of a company—or the leading one of the three heads named may take general control. Respect and loyalty towards a chief will be drawn out by

the qualities of character that deserve them, and a leader who is fair and reasonable, as well as capable, will command better service than will a martinet. Organisation means correlation of duties and harmony of effort. A staff should be so handled that it pulls together with efficiency, like a well-trained and nicely balanced team.

COUNTRY BANK NOTES.—These are the notes which are issued by a country bank, which has the right to issue them (see **BANK OF ISSUE**), as distinguished from the Bank of England. When tendered in payment of a debt, they constitute good payment, unless the creditor or the person to whom they are offered objects to receive them on the ground that they are country bank notes.

If a country bank note is accepted in payment or in part payment for goods at the actual time of a sale, the transferee must bear the loss, if the banker by whom the note was issued fails before the holder presents the note for payment, unless he can prove that the transferor knew that the banker had failed before delivering the note to him. But, on the other hand, if the note was accepted in payment of a pre-existing debt, and the banker fails before presentation of the note, the debt is not discharged, and the transferor is still liable to the transferee, provided that the transferee presented the note for payment without delay and gave due notice of its dishonour to the transferor.

The receiver of a country bank note in payment of a debt should, therefore, present the note for payment at once, or not later than the following day, otherwise he will have no recourse against the person who gave it to him, in the event of the note being dishonoured. A bank note is a promissory note by a banker, and the giving of notice of dishonour is regulated by the Bills of Exchange Act, 1882. If the person giving and the person to receive the notice are in the same town, the notice should be received on the day following the day of dishonour, if in different towns, the notice should be dispatched not later than the day following the day of dishonour (See **DISHONOUR OF BILL OF EXCHANGE**.)

Similarly, if a customer pays the notes of another bank into his own account, the notes should be presented without delay, so that in the event of non-payment the banker may be entitled to charge the amount to the account of the customer. Also a banker must be diligent in presenting the notes, otherwise he will be liable, in the absence of any arrangement to the contrary, for any loss which arises.

Bank notes are presented for clearing like cheques in the daily clearing, if the issuing bank is in the same town or district as the collecting bank. Otherwise they are either collected through London or remitted direct.

When a person changes a bank note, he is liable for the amount of the same to the person who took it, if the note is dishonoured, unless the latter did not put it into circulation or present it for payment within a reasonable time.

Banks of issue re-issue their notes constantly until they become unfit, through constant usage, for circulation. In this respect the country banks differ from the Bank of England, which never re-issues its notes when once they have been returned to the Bank.

Where notes are received which prove to be forgeries, the amount can be recovered from the person from whom they were obtained.

The issue of bank notes in England and Wales by other than the Bank of England has decreased, to negligible proportions owing to the enforced lapses consequent upon amalgamation or the opening of a branch in London. In the balance sheet of the Lancashire and Yorkshire Bank Ltd., they figure at an average of £17,000, and in the Westminster Bank, Ltd., at £14,000 both "in circulation in the Isle of Man." The Isle of Man Banking Company, Ltd., has about £80,000 in circulation whilst nine banks in Scotland use about £22,000,000 and six in Ireland, £16,000,000.

COUNTRY CLEARING.—The section of the business of the London Bankers' Clearing House which includes all cheques and country bank notes dealt with by the House and not included in the Town Clearing or Metropolitan Clearing, that is, cheques on the country correspondents of the London bankers.

Country bankers who avail themselves of the clearing remit their country cheques and country bank notes to their own London agent, or London office, and stamp across them their own names and addresses and the name and address of their London agent or head office.

When a country banker does not intend to pay a cheque received by him from his London agent for collection, he must, by the rules of the Clearing House, return it direct to the country or branch bank whose name and address is across it, and this must be done by return of post, it cannot be held over till next day. (See **CLEARING HOUSE, BANKERS**.)

COUNTY BOROUGH.—A county borough is a town consisting of not less than 50,000 inhabitants, which has been admitted to this special rank after application to the Ministry of Health. There were sixty-one towns constituted as county boroughs by the Local Government Act, 1888, but these have since been added to. A county borough is mainly independent of the county council, and is, in fact, the highest form of self-government known in the United Kingdom. It is ruled entirely, as to municipal and local matters, by its own borough council, which enjoys not only the powers of the ordinary council of a municipal borough granted by the Municipal Corporation Act, 1882, but also the special powers of the Local Government Act, 1888, and all subsequent amending Acts. A county borough can make arrangements with the county council as to sharing expenditure in connection with the administration of police matters, and also as to asylums. If the county borough is one in which no court of assize is held, it must contribute towards the expenses of the assizes.

COUNTY COUNCIL.—England, Wales, and Scotland are divided into counties. The word "county" is Norman, from *comté*, or earldom. The older word is "shire"—that which is shorn off or divided. The counties were originally managed, as far as their local government was concerned, by the sheriff of the county who presided over the ancient county court, a court which has no relation whatever to the modern county court, which was established in the reign of Queen Victoria to settle differences between small debtors and creditors. The local management of the different parts of the county was in the hands of the county justices of the peace.

By an Act passed in 1828, justices were authorised to suggest what townships or places would form proper divisions for special sessions. No new divisions were to be sanctioned unless five justices

resided therein. The purchase, control, and management of shire, or county, halls was in the hands of the justices. To certain cities and towns has been granted the right of being counties in themselves. Such counties of cities and towns have their own sheriffs, their own corporation, and their own management, quite separate and distinct from the county in which they are geographically situated. The cities and towns which are counties in themselves are London, Chester, Bristol, Coventry, Canterbury, Exeter, Gloucester, Lichfield, Norwich, Worcester, York, Kingston-upon-Hull, Nottingham, Newcastle-upon-Tyne, Poole, and Southampton.

The Local Government Act of 1888 regulates the local government of counties to-day. It is entitled "An Act to amend the law relating to local government in England and Wales." The Act establishes a county council in every administrative county. There is a chairman, together with aldermen and councillors. This council manages the administrative and financial affairs of the county. The following persons may be elected as aldermen or councillors: Local government electors, persons possessing property qualification, persons of either sex who have resided for twelve months in the county, in addition clergymen, ministers, peers of the realm, and other Parliamentary voters. The aldermen are called county aldermen, and the councillors, county councillors. The county councillors are elected for three years. The chairman becomes a justice of the peace for the county by virtue of his office.

The duties of the county council are: To make and collect the county rate, police rate, and expend the same; to borrow money; to pass the accounts of the county treasurer; to take charge of the shire-hall, county hall, assize court, judges' lodgings, court houses, justice rooms, police stations, county buildings, works, and property; to grant music, dancing, and raccourse licences; to provide and maintain county asylums for pauper lunatics, reformatory, and industrial schools; to repair and maintain roads and bridges; to settle the fees and costs of inspectors and analysts; to appoint, remove, and pay all the county officers, except the clerk of the peace and the clerks of the justices; to appoint the polling districts for Parliamentary elections; to execute the Acts which relate to contagious diseases of animals, destructive insects, fish conservancy, wild birds, weights and measures, gas meters, and the Local Stamp Act, 1869; to deal with matters arising out of the Riot (Damage) Act, 1886; to register the rules of scientific societies, charitable gifts, places of religious worship, and the rules of loan societies. The Local Stamp Act referred to above authorises the county council to collect fees and penalties by means of stamps and to sell stamps for that purpose. The Riot (Damage) Act enables the county council to pay compensation out of the police rate to any householder who has suffered damage to property through riots.

The county council appoints the county coroner (see CORONERS), grants licences for stage plays, executes the provisions of the Explosives Act, 1875. This Act is an important one, and gives the county council power to license factories where explosives are made, and to register the places where the dangerous goods are sold, and to regulate the sale. The county council shares, with the justices of the peace, in the management of the county police through the standing joint committee.

This committee is formed of an equal number of county councillors and justices of the peace. The county council also enforces the provisions of the Rivers Pollution Prevention Act, 1876, and has the right to promote and oppose bills in Parliament, and to make by-laws (See BY-LAWS). The county council can also appoint a medical officer of health.

The county council receives from the Treasury of the nation the following payments: Proceeds of licences for the sale of intoxicating liquor on and off the premises; also the proceeds of several other licences, such as game dealers, dogs, guns, tobacco, carriages, and hawkers. Power is given to the county council to issue all such licences as are here mentioned, together with other licences mentioned in the Act. A portion of the probate duty is also granted to every county council. Out of the Imperial revenue so received, the county council must pay certain costs and charges, including costs of poor law union officers, police pay and charges, teachers in poor law schools, vaccination, medical officer of health, registrars of births and deaths, pauper lunatics. Finally, under recent legislation, the county council is a rating authority.

The Secretary of State has power to see that the police in any county are maintained in a state of efficiency. Certain boroughs in each county have special privileges over others, and are called county boroughs. Such boroughs must either be old county boroughs or must have a population of at least 50,000. The mayor, aldermen, and burgesses (voters) of a county borough have all the powers, duties, and liabilities of a county council. There were sixty-one county boroughs at the time the Act was passed. Bath, Birmingham, Cardiff, Croydon, Exeter, Liverpool, and West Ham are typical examples. Some boroughs in counties are called larger quarter sessions boroughs, with a population of 10,000 and upwards; other boroughs have a separate commission of the peace. The county of London receives special treatment. The metropolis is an administrative county, and is carved out of portions of the counties of Middlesex, Surrey, and Kent. It has a sheriff, justices of the peace, and a court of quarter sessions. The chairman of the justices must be a barrister of ten years' standing.

The City of London is also a county, and, in addition to all its ancient privileges, it possesses all the rights which the Act of 1888 gives to all counties. Several other parts of the country are treated as separate administrative counties, e.g., the ridings of Yorkshire, the divisions of Lincolnshire, the eastern and western divisions of Sussex, and others. A county council may borrow with the consent of the Ministry of Health, and may create and issue county stock. The financial year of a county council ends on March 31st. The law of elections applies to the election of county councillors, just as it does to the election of other local authorities. The council of each county is a body corporate, with a common seal and perpetual succession.

The London County Council has no authority over the Metropolitan Police or the City of London Police. All other counties manage their own police, through the Standing Joint Committee. The clerk of the peace of every county must make up a register of all persons registered as burgesses, or county electors, for the purpose of the election of the county authority. The qualification for voters

is provided by the Representation of the People Act, 1918. The ordinary day of the election of county councillors shall be between the 1st and the 8th March, where no date is fixed, it shall be March 8th.

Every county council is the local authority for carrying out the elementary and higher state education of the people. The following authorities within the county are entrusted with the powers and duties for directing elementary education only: The council of a borough with a population exceeding 10,000, or of an urban district with a population of over 20,000.

COUNTY COUNCILS' MEETINGS.—The proceedings of county councils, which were established by the Local Government Act, 1888, are governed partly by that Act and partly by the Municipal Corporations Act, 1882, which is the statutory authority for borough councils. The 1888 Act directs and empowers county councils to hold meetings and conduct their proceedings in like manner as the council of a borough divided into wards.

A county council must hold at least four quarterly meetings in each year to transact general (i.e., statutory) business. The first quarterly meeting in a county council election year (which is every third year) must be held on March 16th, at noon, or on such other day within ten days of the ordinary date of retirement of county councillors (March 8th in every third year) as the council may fix. In any year which is not the election year, the first quarterly meeting shall be held on such day in March, April, or May as the council determines. (See County Councils [Elections] Act, 1891, and County Councils [Elections] Amendment Act, 1900.) The other three quarterly meetings must be held at such hour and on such days as the council at its meeting or by standing order determines. The meeting place may be within or without the county, as the council directs. The chairman of the council may call a meeting at any time; as also may any five members of the council when the chairman either refuses, or ignores for seven days a requisition presented to him for that purpose signed by five members. The five conveners need not be the same as the five signatories of the requisition.

Council meetings are to be called both by notice affixed to the council offices and by summons delivered by hand or registered post to members' residences, three clear days' notice being necessary in each case. The summons must be signed by the clerk of the council, and must specify the date, time, place, and business of the meeting. The notice on the offices must state the date, time, and place of the meeting. If the meeting is called by five members, they must sign the notice and state the business, if it is convened by the chairman, he must sign the notice, but he need not specify the business. Failure to deliver the summons on any member does not invalidate the meeting.

The chairman of county council meetings must be the chairman of the county council, if he is present, but his presence is not essential. Failing him, the vice-chairman of the council must preside, if present. If he also is absent, the councillors present shall elect one of the aldermen present (if any), or failing an alderman, then one of the councillors who is present.

The quorum necessary for ordinary purposes at council meetings is one-fourth of the whole number of the council; while for the making of by-laws the quorum is two-thirds of the whole number of the

council. The quorum must be present, but need not vote. Subject to the quorum being present, all acts of the council and all questions coming or arising before the council when holding a meeting under the Act may be done and decided by the majority of such members of the council as are present and actually vote. The chairman, either of a council meeting or of a committee meeting, has a second or casting-vote, if the voting is equal, but he is entitled neither to his first nor to his casting-vote if he is pecuniarily interested in the question. General business, i.e., business prescribed by statute to be transacted at quarterly meetings, can be transacted at a quarterly meeting, even if not specified in the summons to attend that meeting; on the other hand, no business may be transacted at other than quarterly meetings, except what is specified in the summons to attend. Minutes of every meeting of the council must be kept and fairly entered in a minute book, and they must be confirmed either at the same meeting or at the next meeting, the confirmation being by signature of the chairman of the confirming meeting.

As regards procedure at meetings, county councils have statutory power to make and vary standing orders for the conduct of their proceedings, subject always to what is already provided in the Acts, as, for instance, the above regulations. In 1889 the Ministry of Health issued suggestions for standing orders, and every county council has its own. By way of illustration, the following are a few provisions extracted from the standing orders of an important county in the south of England—

"The order of business at every meeting of the council shall be as follows—

"(1) The minutes of the last meeting of the council shall be read with a view to confirmation, provided that if a printed copy of the minutes has been sent three clear days previously to each member of the council, they shall be taken as read.

"(2) Business expressly required by statute to be done at the meeting.

"(3) Any correspondence, communications, or other business specially brought forward by direction of the chairman.

"(4) Business remaining from the last meeting (if any).

"(5) Reports of committees.

"(6) Notices of motion in the order in which they have been received.

"(7) Any other business.

"(8) On the days of the quarterly meetings of the council, the sitting shall be suspended from 1 o'clock till a quarter to two.

"Chairmen of committees shall move the reception of their reports, and shall not occupy more than ten minutes for the purpose, except in special circumstances by leave of the chairman. On presentation of a report, the first motion shall be that it be received, and each recommendation shall then be separately put to the vote. They may be put from the chair without being formally moved and seconded. Every notice of motion must be in writing signed by the member giving it. It must be given to the clerk seven clear days before the meeting, and entered in a book to be kept in his office, which book shall be open to the inspection of every member of the council. If a motion be not moved by the member who gave notice of it, or by some other member on his behalf, it shall, unless postponed by leave of the council, be dropped, and cannot be moved without fresh notice. Notice of

motion to rescind a resolution passed within the preceding six months, or to the same effect as a motion negatived within that period, must be specified in the summons, and must bear the names of ten additional members, but this does not apply to motions in pursuance of the report of a committee.

"A member moving 'that the council do now adjourn,' 'that the council do now proceed to the next business,' or 'that the debate be now adjourned' may not speak for more than two minutes, and the seconder may not speak at all. In the case of the first motion, no debate is allowed, but in the case of the other two, the mover (only) of the resolution under discussion at the time is called on to speak. None of these motions may be repeated within half an hour, unless moved by the chairman. The closure motion requires not less than twenty members to vote for it before it can, even if carried, be applied. Questions shall be determined by show of hands, unless ten members demand a division, when the names for and against the motion shall be taken down in writing and entered on the minutes" (See COMMITTEES, CONDUCT OF MEETINGS).

COUNTY COURTS.—Courts called "County Courts" existed from very early times, but they were not courts of record, and fell into disuse. The county courts of the present day are entirely the creation of statute, for they were first established by the County Courts Act, 1846. They are now governed by the County Courts Act, 1888, as amended by the County Courts Act, 1903 and 1919, and by the rules made thereunder by a Rules Committee, with the sanction of the High Court. Rule Committee. The jurisdiction of the county courts has been and is being revised and extended with a view to making justice cheaper and easier to the lower and middle classes in disputes about small matters. The country is divided into county court districts, which are frequently grouped into circuits, the same judge then officiating for all the courts on the circuit. Some county courts have jurisdiction in bankruptcy, probate, and Admiralty causes. The judge must be a barrister of seven years' standing at least, and he is appointed by the Lord Chancellor. The salary is now £1,800, and provision has been made for the payment by the Government for a deputy in certain circumstances, and a judge is now compulsorily retired at the age of 72—or, in exceptional cases, at 75—with a retiring pension which is dependent upon the number of years of service, as in the case of civil servants. Registrars and high bailiffs are other officials of importance in county courts. Registrars must be solicitors of seven years' standing, and there is one for each court, the appointment resting with the Lord Chancellor. In some courts where a large business is done there are more registrars than one, as, for example, at the Westminster County Court. The high bailiff is also appointed for each district, and as present appointments cease, the registrar becomes high bailiff (County Courts Act, 1924).

The county court is a court of record, and its officers are generally immune from action for any act done by them *bond fide* in respect of any errors and technicalities; but bailiffs are in the same position as a sheriff in the High Court, and actions can be brought against such for neglect of duty. Any person wilfully insulting a judge, officer, jury, or witness while at or going to or from the court, or any person wilfully misbehaving in court, may

be committed and fined for contempt (*q.v.*) Perjury (*q.v.*) committed in a county court is, of course, punishable as a criminal offence.

Jurisdiction.—County courts have jurisdiction in personal actions when the debt, demand, or damage claimed is not more than £100, in partnership and executorship actions where the amount sought to be recovered does not exceed that figure, in ejectment actions where neither the annual rent nor the value of property exceeds £100, and generally in equity for administration, specific performance, foreclosure, redemption, etc., where the value of the estate, property sold, or mortgage, as the case may be, does not exceed £500. A county court has no original jurisdiction over actions for breach of promise of marriage, libel, slander, or seduction, or in those cases in which the title to any toll, fare, market, or franchise is in question. In spite of this restriction, county courts may try King's Bench actions by written consent of both parties. When application for judgment under Order XIV (*q.v.*) is made in the High Court, and when the Master thinks the defendant has a *prima facie* defence, he generally orders the case to be remitted to the county court having jurisdiction in the matter, *s.e.*, when the amount in dispute is under £100, or when he thinks that it is a case which ought to be so remitted for trial. These are called "remitted actions," and these words are indorsed upon the particulars of claim and other documents. The order remitting to the county court is drawn up and lodged at the county court ordered to try the action, together with a copy of the writ of summons and affidavits used in the High Court. Particulars of claim have also to be filed, fees paid, and other small details (too numerous to mention here) to be carried out. The plaintiff generally loses his costs of the proceedings in the High Court, unless the county court judge orders the payment of all costs in the action. This is generally done, having regard to the saving of costs. In every action or suit, of whatever nature where the claim exceeds £5, and in all other actions by leave of the judge, a jury may be demanded, and will be granted unless the court on application of one of the parties is satisfied that the action is more fit for trial without a jury. The jury men to try cases in the county court are eight in number (But see under JURY as to the restriction of this right of trial by jury). If the plaintiff cares to abate his claim in any action, so as to bring the matter within the county court jurisdiction, he is entitled to do so. Thus, if the claim is really £120, the plaintiff may abandon the excess over £100 and make his claim for £100 only.

As to place of action, this may be the court within the districts of which the defendant or one of the defendants dwells or carries on business at the time of the commencement of the action, or by leave of the judge or registrar the court within the district of which the defendant or one of the defendants dwelt or carried on business at any time within six months before the commencement, or with the like leave in the court the district of which the cause of action or claim wholly or in part arose. But actions as to land and partnership actions are to be tried in the court where the subject-matter of the action is situated. If the plaintiff and any defendant dwell or carry on business in any of the metropolitan districts, though not necessarily in the same, the action may be commenced in the court of the district in which either the plaintiff or defendant carries on business.

County courts which exceed or refuse to exercise their powers may be forced or compelled by the King's Bench Division; in the former case by writ of prohibition (*q v*), in the latter by a writ of mandamus (*q v*).

Parties. If there is any substantial right of the plaintiff against the defendant, it is practically impossible for it to go undressed, owing to any technical errors in the choice of parties. The rules make provision for dealing with various special cases several of which are very important, thus, in the case of joint defendants, if only one of the joint defendants can be served, the action may nevertheless proceed against him, but the plaintiff must avail himself of this privilege with caution, for by taking judgment against one joint contractor, the plaintiff will be prevented from suing the others. Partners may sue and be sued in their individual names, or in their firm name. If a firm are plaintiffs, the names and addresses of the partners must be disclosed if required by the defendants in writing, and the court may order their disclosure, on oath, where a firm are either plaintiffs or defendants. Numerous persons having the same interest, *e.g.*, members of an unincorporated club, may sue or be sued by one or more of them on behalf of or for the benefit of all persons so interested. When a person so desires to defend (unless so served), he must apply to the court for leave. An infant sues by his next friend, and a lunatic, if so found, by his committee (*q v*), if not so found, by his next friend. An infant is sued in his own name, but should defend by his guardian, a lunatic, if so found, defends by his committee: if not so found, by a guardian *ad litem*, appointed for that purpose. When any person sues or is sued in a representative capacity, *i.e.*, not on his own account, this representative capacity must be stated in the documents before the court.

Proceedings Before Trial. An action is begun by filing a "præcipe," which may be obtained gratis at the county court office. It is a form in which must be entered the names, addresses, and description of the parties and particulars of the action, the remedy or damages claimed, and the name and address of the plaintiff's solicitor (if any). If leave is required, as in the cases mentioned above, a summons may issue, although the actual place of residence or business of the defendant cannot be given. An affidavit of the plaintiff showing the ground of the application must also be filed. Leave will not be granted when the defendant is a domestic or menial servant, labourer, etc., except in the special cases set forth in the rules. A fee is paid on entry of the plaint (no extra fee on any excess over £20) and if the claim exceeds £2 ordinary summonses must be served by the bailiff, for which there is charged an additional fee. If the claim exceeds £2, the plaintiff must file with the "præcipe" particulars of his claim or demand together with as many copies as there are parties, and an additional copy for the use of the judge. When a summons is issued, the plaintiff is handed what is termed "a plaint note," which is an official acknowledgment of the fee paid, the date when the summons is returnable, and of the entry of the action. This document should be carefully kept, as it must be produced when the hearing fee is paid, and also to the court before the case comes on for hearing. Should the plaint note be lost or mislaid, a fresh one can always be obtained on payment of a small fee upon making application to the registrar and stating the facts upon affidavit. It must also

be produced before money paid into court can be withdrawn.

The summons is under the seal of the court, and is served by a bailiff of the court, whose indorsement is sufficient proof of the service. If the summons cannot be served, a successive summons may be issued and served by the plaintiff or his solicitor. If a default summons (*q v*) is required, the plaintiff must in all cases (whether the claim is above £2 or not) file particulars as previously mentioned, together with an affidavit verifying the debt. The summons is issued without leave if the claim exceeds £5, and under that amount if the claim is in respect of goods sold and delivered, or let on hire to the defendant for his trade, profession, or calling. For other cases (and, of course, always if the defendant is outside the district) leave is required, and it will only be given if the affidavit contains full particulars as to sex and condition of the defendant, and not at all if the defendant is a domestic or menial servant, labourer, etc. A default summons (*q v*) may be served either by the court or by the plaintiff or his solicitor. If the defendant wishes to dispute the claim, he must file a notice within eight days after service, otherwise the plaintiff may sign summary judgment. Notice of defence prevents the plaintiff getting judgment before the return day, and by this the defendant waives any irregularity in the process, *i.e.*, insufficiency of particulars, etc., and the trial then takes place in the ordinary way, if, however, the plaintiff appears and the defendant does not, judgment will be entered without further proof. The following matters are of importance prior to trial—

Payment into Court. The defendant may pay into court such sum as he may think fit (and costs proportionate thereto) in satisfaction of the claim, and if payment is made five clear days before the return day (ten clear days, if the claim exceeds £50), it may be accompanied with a denial of liability and then it will not operate as an admission. After that period and at any time before hearing, money may be paid in, but with a denial of liability only by leave of the court. The plaintiff may accept the amount, and if he does so a reasonable time before the return day, the defendant will not be responsible for any further costs. Payment into court also relieves the defendant from costs up to the time of paying in, if it is made before the time above mentioned, and the plaintiff does not recover more than the amount paid in. If money is paid in after that time, the court may make the plaintiff a discretionary allowance for costs.

Statement of Defence. The defendant is not compelled to put in any statement of his defence, but there is a rule that he may file a statement disavowing any interest in the subject-matter in the action, or he may deny or admit any of the statements contained in the particulars of claim, or raise any question of law on such statements without admitting the truth of them. A copy of such defence must be filed, together with as many copies as there are plaintiffs, an additional one for the use of the court. The registrar must send to the plaintiff, within twenty-four hours, a sealed copy of such defence.

Notice of Special Defence and Set-off. There are certain special defences which cannot be set up at the trial without the plaintiff's consent, unless the defendant has given notice in writing of his intention to set up such special defence or set-off to the registrar. Such notices are filed in the manner prescribed as in the foregoing paragraph (*Statement of*

Defence), and must be filed at least five clear days before the return day, but ten clear days if the claim is over £50.

Counterclaim. The defendant may counterclaim in respect of any matter he has against the plaintiff, even though if enforced separately, it would have been beyond the local jurisdiction of the court, and the counterclaim may exceed £100 if each of the items is under £100. A counterclaim must be filed like a notice of special defence. On the trial, a claim and a counterclaim can be disposed of, and judgment given for the balance either way.

Documents. Full discovery and inspection of documents may be obtained by either party upon an order of the court being obtained.

Trial and Judgment. Parties appear personally or by solicitor or counsel, a hearing fee being payable before the case is heard. This is reduced by one-half if the defendant does not appear, and must be paid by the plaintiff before he can sign judgment, which he may do by default, if he does not appear in an action on contract. In an action of tort, the plaintiff must prove his case whether the defendant appears or not. Judgment obtained by one party in the absence of the other may be set aside by the judge either then or at any subsequent court and a new trial granted on such terms as he shall think fit. The court may at the trial give judgment for either party or may nonsuit the plaintiff, thus leaving it open to him to bring a fresh action. The court has also power to grant injunctions. When the matter in dispute does not involve an amount exceeding £5, the registrar may adjudicate upon it by permission of the judge.

Various matters connected with procedure, so far as they are necessary to be described, are referred to under separate headings.

Enforcement of Judgments. Judgments may be enforced in various ways, *i.e.*, by execution, by garnishee summons, or bankruptcy proceedings. Two matters consequent on judgment are, however, of particular importance, *viz.*, administration orders and judgment summonses. An administration order can be made on a debtor's application, if judgment has been obtained against him in the county court which he is unable to satisfy and he alleges that his whole indebtedness does not exceed £50. The debtor files a request, statement of affairs, and a list of creditors, with an affidavit in support. The request must state whether he proposes payment in full or a composition. Particulars of instalments of any composition must be stated. The application is heard after notice to creditors, and any creditor can object to an order. No order is made under which payment by instalments would, without default, extend to more than six years. The effect of the order is to suspend all remedies against the person and estate of the debtor, except by leave of the court which made the order. The order is enforced by judgment summonses. It may be set aside or rescinded. A judgment summons is obtained by filing a "*prière*" either in the court where the judgment was obtained or in the court within the jurisdiction of which the debtor resides. On proof being given that the debtor either has or since the date of the order or judgment has, had the means to pay the amount and has nevertheless refused to pay it, the judge may commit him for a period not exceeding six weeks. The commitment may, however, be suspended if the debtor keeps up the instalments of the debt specified by the judge.

New Trial, Stay of Execution, and Appeal. The judge may in any action or matter, whether tried by himself or by jury, order a new trial on certain well-settled and ascertained grounds, *e.g.*, verdict against the weight of evidence, or damages manifestly inadequate or excessive, or misdirection, or misconduct of the jury.

Application may be made on the day of trial if both parties are present, or (on seven clear days' notice) at the first court after the expiration of twelve clear days from such day. If the judge, on such an application, misapplies law or equity, an appeal lies from him to a divisional court (*q.v.*). If a new trial is ordered, the judge may stay proceedings pending it. An unsuccessful party has also the right to appeal from the judge's decision on a point of law or equity, or upon the admission or rejection of any evidence. Such an appeal lies of right if the subject-matter of the action exceeds £20; if £20 or under, only by leave of the judge. The appeal is to a divisional court, eight days' notice of motion (which must state the ground for the appeal) being given, and the appeal being entered within twenty-one days after the judgment, order, or finding complained of.

COUPON INSURANCE.—This is a class of insurance which has been much in the public eye recently by reason of the fact that certain of the big daily papers have inaugurated some such scheme.

The business originated as far back as 1888, when the popular weekly, *Tit-Bits*, first instituted the scheme, and the business pursued an even and uneventful course until recently, being chiefly confined to weekly publications of the popular class and to what are known as "*specialities*," *viz.*, pocket diaries, time tables, and the like. These insurances covered only personal accident benefits—at first fatal accidents only—but there has been a gradual expansion in the cover granted until at the present time the coupon grants a wide range of personal accident benefits in addition to insurance against fire and other risks.

At the outset it was a condition that the injured person should have a copy of the periodical in his possession at the time of the accident, but nowadays a system of registered readers has been developed.

The newspaper schemes are all insured with one or other of the leading insurance companies at premiums varying with the circumstances of the case. What the premium is is never disclosed, but it is generally considered that part of it consists in the advertisement derived from the daily publicity given to the name of the office concerned.

The business has proved most unprofitable to the companies concerned, and has given rise to a certain amount of friction owing to the stringency of the policy conditions and the fact that the public do not appreciate the restrictions in the cover imposed, and efforts are being directed to relegating the business to its former minor position.

COUPONS.—As is explained under the heading of **BEARER SECURITIES**, interest and dividends on stocks or shares issued in this shape are collected by means of coupons, *i.e.*, warrants attached to the bond or bearer share which have to be cut off on the due date and presented to the company or paying bank for encashment. Where interest is payable at fixed dates, the date of payment is imprinted on each coupon, where it is uncertain, as in the case of the ordinary shares of mining or other companies not paying regular dividends, the dates of payment are announced by advertisement.

judgments are kept or recorded, and of which the judgments prove themselves on production. Any judgment which is pronounced by a court of record stands until it is set aside by a court of superior jurisdiction. The following are courts of record: The High Court, courts of assize and quarter sessions, the Mayor's Court, county courts, and various minor courts. Petty sessional courts, *i.e.*, the ordinary police courts, are not courts of record.

COURT OF SESSION.—This is the Court which in Scotland corresponds to the High Court of Justice in England. It dates from 1532, and is now composed of thirteen members—the Lord President, a Lord Justice Clerk, and eleven Lords Ordinary. The court is divided into an inner and an outer house. In the former there are judges sitting singly, as judges *à nisi prius* in England. The latter, *i.e.*, the outer house, sits in two divisions of four judges each, the Lord President presiding over one division and the Lord Justice Clerk over the other. This corresponds to the English Court of Appeal. There is no appeal from its decisions except to the House of Lords. There has never been in Scotland the great division between law and equity as in England. In trying civil cases, the jury consists of twelve persons, but in criminal cases, the number of the jury in Scotland is fifteen.

COVENANT.—The word "covenant" signifies an undertaking contained in a deed, *i.e.*, a contract under seal, to do or to refrain from doing a certain act. It is, in fact, one of the terms of the contract. Thus, in a lease, the landlord and the tenant respectively agree to carry out certain terms. Each of these, when the lease is by deed, is known as a covenant. It is not correct to describe any term of an agreement not under seal as a covenant, though the word is very commonly used in the same sense.

When a deed is executed, various persons are named in it, but it is only absolutely necessary that the person who actually binds himself to do something in the future should seal the deed.

COVER.—Cover is the amount deposited by a client with his broker as a marginal security on a speculative transaction. An individual may give a broker an order to purchase or to sell a quantity of stock without the broker being assured of the ability of the client to fulfil his bargain or to make good any loss that may arise on the closing of the transaction, and in such case he may ask for cover of, say, 10 per cent of the cost of the stock dealt in. The system of dealing on cover is largely adopted by bucket shops (*q.v.*) which encourage private individuals to indulge in speculations on a small margin or cover, the losses of such individuals being limited to the cover. In other words, suppose A to purchase £1,000 London Midland and Scottish Railway Ordinary Stock for the rise at 72 on the cover system, the cover being 1 per cent on the amount of stock purchased, he would have to deposit £10. If the stock rose a point or two, he might obtain his profit (although in the case of a bucket shop this by no means follows), or, on the other hand, if the stock fell to, say, 68 within the period of the transaction, although a loss of £40 would have been incurred, the client's loss would be limited to the £10 cover deposited, the idea being that the moment the stock has fallen sufficiently to exhaust the cover the deal is automatically closed. Needless to say, in dealing in this fashion with bucket shops the odds are always against the customer.

The term is also used in the foreign exchange

market for a margin of cash or securities deposited by a customer against his due fulfillment of a forward contract. (See **FORWARD EXCHANGE**.)

COVER NOTE.—A document issued to the assured under a contract of insurance, holding him covered pending preparation of the policy. In life assurance, temporary cover is sometimes given on payment of the initial premium before the proposal has been finally considered, but frequently the company accepts no risk until formal acceptance. In fire insurance, oral cover may be binding, even where no policy has been issued, and this is true in certain classes of accident business.

In marine insurance, a properly executed policy must be issued, or no claim can be pursued. The contract to insure may exist apart from the policy, but in the absence of this is unenforceable. Cover notes are sometimes issued by insurers, but may be produced in court only as collateral evidence of the date at which the contract was entered into, and then only if a duly stamped policy has been issued.

Cover notes are frequently issued by brokers to their clients, but these are naturally not evidence of the contract between assured and insurer. Even in the absence of a policy, however, they may be adduced as evidence in an action by the assured against the broker for alleged negligence.

CRAB.—Like the lobster, shrimp, etc., the crab belongs to the class of the *Crustacea*. It exists in a variety of forms. The edible crab is found in very large quantities off the English coast, and in the fresh waters of the great European rivers.

CRANAGE.—The charge made at certain seaports for the hire of a crane when used for loading or unloading such goods from a ship as are too heavy for the ordinary tackle on board, or a charge made by dock companies for using their cranes for any purpose whatever.

CRANBERRY.—A small evergreen shrub which flourishes in peaty bogs. It is cultivated for the sake of its fruit, which is particularly appreciated in America, where the berries attain a larger size than in Europe. Britain's supplies come mainly from Canada. The berries are much used for tarts, jams, jellies, etc.; and in Siberia a wine is made from them. The fruit is also largely eaten on board ship, owing to its anti-scorbutic properties.

CRANE INSURANCE.—(See **ENGINEERING INSURANCE**.)

CRAPE.—A crisp, gauze-like fabric, usually dyed black and used for mourning. It is made of raw silk tightly twisted, and is devoid of all gloss. It is said to have been introduced into England by the French refugees towards the end of the seventeenth century. Norwich is the chief centre of manufacture, but Lyons also does a considerable trade in the article. The white and coloured crapes of China and Japan are prepared in a different way, and are extensively used for dresses, shawls, etc. They are generally known by the French name, *crêpes de Chine*. Lancashire manufactures cotton materials of a crape-like texture.

CREAM.—The fatty substance which, in the form of minute globules, forms on the surface of new milk. "Skim milk" is the name given to the liquid remaining when the cream has been extracted. For this purpose machines known as "cream separators" are generally used. Cream is itself a valuable food, and is, besides, of great importance as the source of butter and of various cream cheeses. The best Stilton cheese also contains a proportion of cream. Devonshire cream is obtained

from new milk which has been heated after standing for a day.

CREAM OF TARTAR.—A crystalline solid, also known as acid potassium tartrate or bitartrate of potash. It occurs naturally in grape juice, and forms the deposit known as argol (*qv*), which is found in wine casks or vats. After being dissolved in boiling water, the argol is filtered through animal charcoal to remove impurities. Pure cream of tartar has an acid, but not disagreeable, taste. It forms an ingredient of baking powder, and is also used medicinally as a purgative. Its chemical symbol is $\text{KHC}_4\text{H}_4\text{O}_6$. Cream of tartar is exported from Bordeaux, Leghorn, Venice, and Palermo.

CREDIT.—Credit means belief in one another; and in one very important sense the progress of society has consisted in the increase of the reliability of its members. To a savage it would appear incredible, even if he could comprehend the idea, that a man could incur obligations for the future and would not seek to evade them. Yet if we could not trust one another, a modern civilised society could not hold together a single week. Conjoint action or, regarded from another point of view, division of labour is possible just in proportion as men can rely on one another. Works are accomplished nowadays which would have been utterly impossible in former times, not solely because we have become more skilful, but because all who co-operate are confident that those who work with them will honestly perform their part. Trust, the confidence that promises will be kept, that engagements will be met, that contracts will be fulfilled, is the essence of our modern industrial society. It would hardly be possible to exaggerate the effects of this purely mental accessory to production. "The advantage that it is to mankind to be able to trust each other penetrates into every crevice and cranny of human life: the economical is, perhaps, the smallest part of it, yet even this is incalculable." The first act of a society which is making progress is to break the shackles imposed by the necessity of completing each transaction at the moment—to pass from a ready-money to a credit system.

The most striking application of the principle of trust or credit is in the case of money. Adam Smith's ingenious comparison—more appreciable now that the fanciful image has been realised than when he made it in 1776—falls far short of reality. He likens credit to a road made in the air, so that the land formerly occupied by roads becomes available for corn or pasture, but, if we would continue the simile, the portion of fresh soil made disposable for productive purposes becomes many times the whole of the former area: the work done by the various economising expedients to which credit gives birth many times surpasses all the work before accomplished by metallic money. Later economists go so far as to place alongside the three traditional agents of production—Labour, Capital, and Land—a fourth, Organisation. and of Organisation the main part is the wonderful structure which we call the money market. A temporary stoppage of the smooth working of the cunning mechanism built by the brains of financiers, would occasion a calamity as far-reaching in its evil results as that caused by a general strike of all workers, skilled and unskilled. If anything can be said to have the magical power of creating something out of nothing, it is *faith*,

intangible yet powerfully operative, pervading the trading community.

Much controversial skill, and a great deal of ill-temper, have been expended on the question whether credit is capital or not. If we admit that unemployed capital is not productive capital—that funds lying idle, land unoccupied, tools and machinery rusting, stores of food unconsumed, cannot be regarded as present wealth used to produce future wealth—we must grant, not only that credit is capital, but also that the larger portion of the productive resources of a community consists of credit. The best asset a man can have in his business is the trust reposed in him, that is, his reputation for promptly meeting his obligations.

The trader or producer who employs solely or mainly his own capital is, in our country at any rate, becoming more and more of a rarity. The days of "merchant princes" are gone, these are everywhere undersold and eradicated by "new" men, who, operating largely on borrowed capital, are well content with a smaller rate of profit. The business of the country is in the hands of men who, from their attested reliability in money matters, from the faith which men have in their industrial or professional skill, can obtain control over the wealth of the country. Scattered in small parcels throughout the extent of the land, this "wealth"—the claims acknowledged by society to a share of the products in the world—is not "power", garnered into banks and made available in effective quantities, it gives a tremendous impetus to the wheels of the producing machine. As the classic on banking—*Lombard Street*—puts it: "Much more cash exists out of banks in France and Germany than could be found in England or Scotland, where banking is developed, but that is not, so to speak, 'money-market money,' it is not attainable; but the English money is 'borrowable' money. Our people are bolder in dealing with their money than any other Continental nation, and even if they were not bolder, the mere fact that their money is deposited in a bank makes it far more obtainable. A million in the hands of a single banker is a great power, he can at once lend it where he will, and borrowers can come to him, because they know or believe that he has it, but the sum scattered in tens and fifties through a whole nation is no power at all: no one knows where to find it, or whom to ask for it. Concentration of money in banks, though not the sole cause, is the principal cause which has made the Money Market of England so exceedingly rich, so much beyond that of other countries." And the material point has not yet changed.

No country in the world equals, or nearly equals, Britain in its possession of this great advantage. In no other country does the postulate of political economy, that capital flows to where it can be most profitably employed, hold good to so high a degree; and the assumption is here realised, not merely speedily, but instantaneously. No sooner does a special trade or industry appear to hold out hopes of more than ordinary profit, than the bill-cases of bankers and brokers are filled with bills drawn in that trade or industry, and capital immediately rushes to share in the anticipated gains. The most important and beneficial function of banks is to perform the office of middleman between those who save and those who are eager to employ the savings in profitable ways, and between the

producers of goods and those who will quickly send the goods a stage nearer the consumer.

In a state of "division of labour," the two chief requisites for "good" times—times when all classes are amassing great profits—are—

(1) "There should be as little delay as possible in exchanging goods for one another.

(2) The producer should speedily, certainly, and without difficulty, be able to find those who want his goods.

When credit is unimpaired the bankers and bill-brokers by their discounting of bills ensure these two requisites; and when they are fulfilled, everyone is profitably occupied, and wealth flows over the country—to wage-earners and capitalists alike—in a spring tide. By means of the intangible property, in virtue of which the members of a civilised community trust one another, the productive forces of that community are increased tenfold. We are first in the world of commerce and industry more from this than from any other single cause, and our advantage in this respect we do not appear likely to lose.

The great, the immense, benefits we derive from being able to dispense so largely with the use of cash are bought with a price. The various effects are freely taken in lieu of money, because the receiver has implicit confidence that he can, at will, obtain gold for the effects, and, so long as an extremely small proportion of the receivers ever test their ability to do so, the confidence is justified. All the clients of an insurance house do not die at once, nor do all the creditors of the banks seek the settlement of their claims in gold at the same moment. But the number of those who do so seek the liquidation of their claims is not, as is the case with the drain on the funds of the insurance company, a steady and calculable one. On the contrary, it is extremely fluctuating, and in times of "panic" or "crisis" it may well seem to the bank directors that all their customers are at the counter. One means, we may point out in parenthesis, of making the amount required more steady and calculable is to enlarge the field of operations: there is a relative stability about large numbers as compared with small ones. Increases in one direction are more likely to be balanced by decreases in another. Perhaps, apart from the resulting economies in management and the added prestige of the larger firm, this fact accounts for the movement towards amalgamation of banking concerns.

The amount of gold required to meet varying demands is itself variable, so that, to cope with contingencies which are not, nor, indeed, can be, foreseen, an adequate "reserve" must be maintained. This "reserve" is cash in the till or at the Bank of England, and, though some would deny that it should be so considered, "cash on call." In *Lombard Street*, where Mr. Bagehot couches his lance against all classes of the banking community in turn, it is very forcibly brought home to us that the whole of our vast fabric of credit is based on a single reserve of gold—that in the vaults of the Bank of England. Conditions did not change very greatly between the time when Bagehot wrote, in 1873, and the date of the outbreak of the Great War in 1914, except that the interests involved were infinitely greater, and some banks were taking his words to heart by creating the nucleus of a reserve. It is understood that one

of the "big five" is again building up for itself a reserve of gold.

In this connection, Mr. Goschen—one of the "masters of those who know"—may well be quoted. Speaking of the dangers which the country had narrowly escaped during the "Baring Crisis" of 1890, he said: "I doubt whether the public

has thoroughly realised the extent of the danger to which what is called 'Baring Crisis' exposed us all. It was not a question of a narrow circle of financiers or traders. The liabilities were so gigantic, the position of the house was so unique, that interests were at stake far beyond individual fortunes, far beyond the fortunes of any class. We were on the brink of a crisis through which it might have been difficult for the soundest or the wealthiest to pass unscathed. I cannot exaggerate the danger, the immediate danger, to which the country was exposed at that time, and we are under a deep debt of gratitude to the Bank of England for the action it took—action which enabled us to tide over the crisis." And, later, in the same remarkable address, he says. "I must give utterance to a strong conviction that the present scale of the cash reserves of private banks and of other financial institutions is inadequate to the necessities of the country, too small as compared with the gigantic liabilities which are incurred." By the growing practice of publishing balance sheets, and by the formation of private reserves apart from that of the Bank of England, something has been done to remedy the defects of our system, but these devices may be suspected of being mere palliatives, and something more radical appears to be needed to remove the danger.

CREDIT BANKS.—Credit banks carry on the business of banking somewhat differently from the present-day joint-stock banks. They are in fact co-operative societies which trade in money in the same way as others mutually pool their produce of meat, milk, fish, etc. They are much more numerous in agricultural countries like Ireland, Scandinavia, and on the Continent, than in England, where (as explained under the heading of AGRICULTURAL CREDIT BANKS) the numerous branches of the joint-stock banks now spreading to every town—large and small—offer greater facilities to the country borrower than could a small self-contained co-operative bank. The principal object of these banks or societies was to enable small farmers to obtain advances of money to assist them in connection with their business. The society raised money either from the richer of its own members by means of the issue of nominal shares or by borrowing from larger banks on the joint security of all its members. Apparently the co-operative system of banking does not work with conspicuous success in this country. The Registrar's annual report (issued by H.M. Stationery Office) records trading losses particularly by the agricultural sections. The Agricultural Organisation Society, which was, since 1901, the chief promoting body connected with agricultural co-operation, came to an end in 1924, closely following the decrease of the Agricultural Wholesale Society with heavy losses. The functions of these societies have now been divided between the Ministry of Agriculture and Fisheries, the Farmers' Union, and the Allotments Organisation Society and Smallholders, Ltd. In many other trades, however, turnover and profit have increased.

In the group of banks and loan societies proper

the banking department of the Co-operative Wholesale Society predominates. This department undertakes banking business on a large scale, although generally its operations differ from those of an ordinary commercial bank. Its chief function is to act as a clearing house for the transactions between the trading departments of the Co-operative Wholesale Society, and it has now current accounts of a large number of co-operative societies, trade unions, and friendly societies.

There are twenty-two other banking societies given in a recent report, but their relative importance can be gauged from the figures given for their total current and deposit accounts, £417,619, as compared with the £252,057,471 of the Co-operative Wholesale Society's Banking Department alone. Nine loan societies have £28,128 loaned to members.

In January, 1923, a report was issued of the Committee on Agricultural Credit which recommended the immediate formation of agricultural co-operative credit societies under the encouragement and supervision of the State, which should in fact place a capital sum at the disposal of each society on the basis of £1 for every £1 of share capital raised by the society. They should be affiliated through the Ministry of Agriculture, allowed to receive deposits and be given free discretion as to the granting of loans to members for agricultural purposes.

The result of the recommendation was the Agricultural Credits Act, 1923, in which the Minister of Agriculture was instructed to take such steps as are practical to promote the formation or extension of agricultural credit societies having the object of advancing money to members repayable within a period not exceeding five years for such agricultural purposes as may be approved by the Minister.

The latter is empowered to make advances to any such society not exceeding an amount equal to £1 for every £1 share held by members, of which at least 5s must be paid.

CREDIT FONCIER.—The meaning of this term is "credit on lands". The Credit Foncier is an institution in France, established in 1852, the object of which is to supply landed proprietors with the means of carrying out improvements by granting them loans of money on the security of their lands, to be repaid by equal instalments, so as to extinguish the debt within a certain period. On this principle certain societies have been formed in France, subject to certain conditions, and endowed with certain privileges. Their regulations are precisely defined by law, and they are not allowed to advance more than half the value of the property pledged or hypothecated.

CREDIT INSTRUMENTS.—Cheques and Bills of Exchange. The general aspects of credit have been discussed under that head. Here we note the essential features of the credit paper which, being transferred in good faith by one person to another, gives to the latter a legal right to the property of which the paper is representative. Such paper is, we say, "negotiable"; and is the chief economising expedient for monetary purposes. If the holder has obtained the paper in a lawful manner, no claims of others on the property named in the paper are valid.

Our negotiable credit instruments comprise, among others, two great classes: (1) Bills of Exchange, and (2) Promissory Notes. Under the first head must be included that most potent agent

of circulation, the cheque, which is a bill of exchange drawn on a banker and payable on demand. But the cheque is not, like a bill of exchange, "accepted" by the banker; and he is, therefore, never liable for the drawer's failure to meet the cheque. Under the second head are to be included bank notes when convertible, for these are promises by bankers to pay specified amounts on presentation of the note. In one sense, indeed, the cheque may be included also under this second head. It is the bank note of the private individual, of one who has not "public" credit, as the banker has. Each person becomes his own note-issuer within the more confined field where people feel confident of his solvency. It has a limited circulation, and its worth is tested sooner than that of the bank note, but it has compensating advantages which have made it, at any rate in our country, almost supersede the bank note. It can be drawn for the exact amount of payment required, it is of no value unless signed by the real owner of the funds drawn on, and loss is, therefore, less to be apprehended when cheques are used than when bank notes are employed; and the device of "crossing" further safeguards against deviation from the destined recipient.

A bill of exchange is legally defined as: "An unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand, or at a fixed or determinable future time, a sum certain in money, to, or to the order of, a specified person or to bearer." It originated from the fact that by its use is obviated the necessity of transmitting costlier means of settling claims. It saved trouble, risk, and expense. A debt is contracted by a person, and is due not at the place where the creditor, but where the debtor, resides. When the places are at all remote from one another, the cost of transport of the coin or bullion from the debtor to the creditor is a considerable item. The cost can be avoided if the creditor is able to sell his claim to a neighbour who needs means of payment where the debtor resides. The debt payable to one person in one place is exchanged for the debt payable to a different person in a different place. The bill brokers, buying claims from those who are to receive money in the distant place, and selling to those who need to pay in the distant place, in ordinary cases enable the debts due in one place to compensate those due in another. The amount of gold transmitted, as compared with the magnitude of the transactions, is amazingly small.

In the home trade, the archaic purpose of the bill of exchange has long been relegated to a very subordinate place. Our banking system, with its network of branches enmeshing the country, dispenses with any necessity for the passage of gold. The motive which now prompts to the creation of the great bulk of home bills is the knowledge that by their means credit given to one person is made available for obtaining credit from another. Home bills are usually created for the purpose of being discounted. The trader or producer who has sold goods for which he will be paid at the expiration of six months, unwilling to leave his capital so long idle, draws a bill on his debtor. This he presents to a bill broker or banker, and receives at once the amount of the bill, less interest for the time it has to run. The active spending individuals, desirous of extending their operations, seeing abundant

scope for the fructifying power of capital, forestall their claims on others by drawing bills

The bill brokers, finding money for bills and bills for money, bring these into contact with quiet, accumulating people with more money than they can themselves profitably employ; and, while credit is good, the hives of industry work at high pressure. In our country the skill and knowledge of men of enterprise are made immediately available for productive purposes because such men can borrow the necessary auxiliary capital readily and cheaply on their bills. The credit given on the security of the bill is granted the more readily as the financial reliability of two persons is involved; if the acceptor fails to meet his acceptances, recourse may be had to the drawer

The facility with which credit is thus coined by bills gave birth to "accommodation paper"—bills not founded on any actual sale. The drawer of such a bill, anxious to have a discountable effect to tide over "temporary embarrassment," by undertaking to afford means of meeting his bill on maturity induces a correspondent to accept it. So two tottering credits may serve as mutual supports. Some reluctance in negotiating accommodation bills is usually justifiable. The actual sales of a merchant may not be a very reliable gauge of the amount of credit which should be accorded him. It is, however, some clue, but with bills of accommodation, provided he finds a sufficiency of complaisant acceptors, his credit seems unlimited.

CREDIT INSURANCE.—For many years attempts have been made to deal with the problem of providing a sound scheme of insurance against bad debts, and schemes have been carried on in this country for some years past under the name of either Credit Insurance or Bad Debt Insurance.

The business is showing signs of increasing activity, though at the present moment few of the leading companies are participating but are contenting themselves with supporting the Trade Indemnity Co. Ltd., in which several of the offices are financially interested. The Government have also established an Export Credits Guarantee Department. It is expected that when sufficient experience has been gained the companies will be prepared to write the business, and the Government scheme can be regarded in the nature of pioneer work.

There are many difficulties in the way of an efficient scheme which will give the utmost cover without causing the insured to relax the ordinary business precautions as to giving credit because they are protected by an insurance policy, and for this reason policies are issued covering only a proportion of the loss, the idea being that if the insured stands to lose there will be less incentive for him to desert from sound business practice.

Individual Credit Insurance. Policies are only issued for sums not exceeding three-quarters of the credit granted. Stale or outstanding debts are on no consideration insured. The policy covers either one or more specified creditors for amounts set against their respective names.

The proposal form, which declares that the customers have always been punctual in paying accounts and that the proposer has no reason to believe any of them to be in financial difficulties, or is aware of any circumstances which might influence the acceptance of the risks submitted, forms the basis of the contract.

By the policy the company agrees to pay such net sum as the insured may lose by the insolvency

of any one or more of the customers scheduled therein in respect of a gross credit owing by the customer to the insured at the date of the insolvency not exceeding the amount specified in the schedule against the name of the respective customer.

The loss must arise on the net invoice value of goods contracted to be sold in the usual course of business during the currency of the policy, and delivered to the customer within the said period and prior to the date of insolvency, or first act of bankruptcy of the customer.

Insolvency, as used in the policy, means that either "an adjudication in bankruptcy has been made or a composition in legal form has been agreed to by the creditors generally, or a legal assignment has been executed for the benefit of creditors generally. In the case of a limited liability company the appointment of a liquidator as required by law."

The loss covered is only such as arises by reason of the insolvency of the customers on the net invoice value of goods sold and delivered to the customers for the sole risk and account of the insured, and which shall be admitted to rank against the estate of the insolvent customer, less the amount of the ascertained dividends and the value of any moneys, securities, indemnities, guarantees, or any other advantage. The adjustment and settlement of the claim shall take place within thirty days from the date on which the net loss shall have been ascertained.

Any dispute is to be referred to arbitration. The liability of the company is limited to the net proportion of the loss underwritten, and does not include the cost of collection of dividends or the taking of any proceedings against the debtor. The insured must take all such proceedings and the company is not brought into touch with the debtor.

The premium is approximately from 3 to 5 per cent per annum—the rates being calculated on the proposition of risk borne by the company. For example, a twelve months' cover for an amount of £750 (viz., three quarters of an amount not exceeding £1,000 at any one time during the twelve months) would cost from £22 10s to £27 10s, according to the merits of the case.

Policies are also issued in respect of bills of exchange, and the same proposal and policy conditions apply *mutatis mutandis*.

Excess Bad Debt Insurance. The principle on which this is based is that the insured is covered against a certain proportion of the bad debts arising in any year of insurance over the normal. To arrive at this normal or "first" loss, as it is sometimes termed, the company takes the average proportion of loss to turnover sustained by the proposer during the previous five years. Assuming that this works out at $\frac{1}{2}$ per cent on a turnover of £120,000, viz., £600 a year, this is usually increased by, say, 15 per cent to allow a good margin. Thus, the "first" loss would be assumed to be £720, and on this basis the premium for a £1,000 policy (viz., £1,000 in excess of the "first" loss) would be about £100.

The rates vary considerably according to the class of business conducted, and the trade conditions prevailing.

The principle is that the whole of the debtors shall be covered, the insurance being based on the annual turnover, the proposer having to furnish particulars of the amount of credit given to the

various debtors and the limit of credit usually granted

The premium is calculated at a percentage on the annual turnover, and is adjusted at the end of the year when the actual turnover is ascertained.

The policy provides a limit up to which credit allowed to any one customer is covered, and also provides that suitable inquiries shall be made before any new accounts are opened

Government Export Credits Guarantee Scheme. The scheme is operated by the Department of Overseas Trade of the Board of Trade, which has opened an office at 31 King Street, London, E.C.2

The following is the official description of the facilities available—

DESCRIPTION OF THE FACILITIES AVAILABLE.

The Department guarantees the payment at maturity of sterling bills of exchange drawn on buyers overseas in connection with the export from this country of goods wholly or partly produced or manufactured in the United Kingdom, including coal.

Applications will be considered for long term as well as short term credits

Subject to the conditions printed overleaf, exporters may obtain in approved cases—

1 **Facilities of an Insurance Character** by which the guarantee is given without recourse to the exporter. In these cases the guarantee will not exceed 75 per cent of the amount of credit granted to the importer

2 **Facilities of a Financial Character** by which the guarantee is given with full recourse to the exporter. In these cases the guarantee may be for the full amount of the credit granted to the importer

3 **Facilities of an Intermediate Character** by which the guarantee is given for the whole or part of the credit either without recourse to the exporter or with such recourse as may be agreed. In these cases the exporter will not be relieved of more than 75 per cent of the risk on the bill unless approved security is provided

The guarantee will either be endorsed on the bill or be given in the form of a letter of guarantee

The Department will make good its guarantee immediately its liability accrues, provided the guarantee is held at its disposal

No application can be considered after 8th September, 1929, though guarantees may be applied after that date in respect of applications previously approved

CLASSES OF GUARANTEE

The above facilities are available in respect of—

(a) **Specific Guarantees.** The Department gives guarantees in respect of specific transactions

(b) **General Guarantees.** The Department agrees to give guarantees up to a fixed amount for transactions with a number of importers in a particular country or countries with or without the submission for its approval of the importer's names. When importer's names are not submitted, the Department will require to be satisfied as to the exporter's previous experience in the particular country or countries

General guarantees are intended only for cases where the credit granted does not exceed six months

(c) **Guarantees to Banks or Credit Insurance Companies.** The Department may guarantee against loss on specific transactions, approved banks, bankers, credit associations or companies providing credit insurance

The conditions printed overleaf will apply generally with such modification as may be required in each case

A.—GENERAL CONDITIONS

1 **Applications.** The Department is prepared to consider proposals and to indicate its decisions, in principle, either before or after orders have been received by exporters or tenders have been submitted by them. In every case, however, the Department will subsequently require an application to be submitted through a bank before the formal decision of the Department can be given. An application form for specific transactions is given overleaf

2 **Goods.** Guarantees will be granted only in respect of goods wholly or partly produced or manufactured in the United Kingdom. Applications will not be entertained in respect of transactions of war or of goods already shipped or of transactions on open account. Applications will not normally be considered in respect of goods shipped on consignment, but applications in respect of definite sales from stocks which have been shipped on consignment with the Department's approval may be considered

3 **Countries.** Guarantees are not at present given for shipments to Russia. Guarantees may only be given for shipments to India, Ceylon, Straits Settlements, Hong-Kong or China, of goods of which long credits are ordinarily required.

4 **Limit of Time.** The Department's approval of an application will cease to be operative after a definite period which will be stated in each case. If guarantees are required after that time a new application must be made. It is also understood that the goods

are to be shipped within a reasonable time after the receipt of the order

5 **Premium.** The Department will charge a premium for the granting of its guarantee. The premium will vary according to the character of the assistance given and according to the other circumstances of the case

6 **Security.** In cases where the importer offers any security, this security, if accepted by the Department, will be taken into account in fixing the premium and the conditions of the guarantee

7 **Recourse.**

Department or the exporter after default on the bill from the importer or from the realisation of any security or from the resale of goods or from any other source, shall be apportioned between the Department and the exporter on the basis of their respective risks on the bill

In special cases, however, the Department may require that all such sums up to a percentage to be agreed in advance shall be for the credit of the Department, the exporter being entitled only to any balance

8 **Payment by the Importer and Recovers.** The exporter undertakes to take such steps as the Department may require to enforce payment by the importer or to realise any security

B.—FURTHER CONDITIONS

9 **Bills and Documents.** As a general rule, all bills for guarantee must be sent to the Department through a bank immediately after the shipment of the goods concerned, and must be accompanied by all signed copies of the bill of lading, invoices (in duplicate), and other shipping documents, together with the form of agreement (E.C.G. 3 or 4) duly completed. The shipping documents other than one set of invoices will be returned to the bank

10 **Bills may be Guaranteed before Acceptance.** The Department does not normally require a bill to be accepted before guaranteeing the bill, though it may do so or it may retain full recourse against the exporter until acceptance

11 **Guarantees Conditional on due Presentation, etc.** The Department's guarantee is given on the express condition that the importer has agreed to accept the bill, and that the bill will be duly presented for acceptance and/or payment, and that if dishonoured it will be noted and/or protested, and notice of dishonour given forthwith to the Department

12 **Insurance of Goods.** Except as otherwise agreed in exceptional cases, the goods are to be insured by the exporter against all risks with an approved company or with Lloyd's underwriters

13 **Extensions and Alterations.** No alteration in the conditions upon which the Department's guarantee was granted, and no variation of the tenor of a bill may be agreed to by the exporter unless the approval of the Department has first been obtained

NOTES

(a) The Department cannot communicate the reasons for its decisions

(b) When information in regard to an importer is not readily obtained in London, the Department will be prepared on request to cable for it at the exporter's expense

(c) In cases of urgency the Department will be prepared to place its guarantee upon seconds of exchange, provided it is furnished with the assurance of a responsible bank that the bank has forwarded the first of exchange and shipping documents

(d) In cases where the Department's guarantee is placed on the bill and covers only a proportion of the transaction, it may facilitate discounting if separate bills are drawn for this proportion. The Department will be prepared to consider making arrangements on these lines on request

(e) When the credit granted is for more than six months the Department will be prepared, in order to facilitate discounting, to consider placing its guarantee on a bill of six months or less, and to guarantee renewal bills of six months or less until the period of credit is covered

(f) The exporter is at liberty to insure elsewhere any portion of the risk not covered by the Department, but such insurance is to be disclosed to the Department

APPLICATION FOR A SPECIFIC GUARANTEE.

(To be submitted through a bank)

To the EXPORT CREDITS GUARANTEE DEPARTMENT,

(Department of Overseas Trade, Board of Trade)

31 King Street, E.C.2

Please inform me of terms upon which you are prepared to guarantee bill(s) of exchange amounting to £ _____ in respect of the sale for £ _____ of the following goods—

Name and full address of buyer

(in black letters)

Description of goods

Destination of goods
Date by which shipment will be effected
Length of credit
Total amount of bill(s) to be drawn on the buyer
Percentage for which the guarantee is required
I/We will accept recourse for _____ per cent of the bill(s)
Security offered by buyer (if any)
Particulars of any credit insurance effected or to be effected elsewhere in connection with this transaction
The nature of my/our business is
My/Our information about the buyer is
Further remarks
I/We neither have nor will have any interest whatsoever, direct or indirect, in the profits made by my/our buyer, who likewise has no interest in my/our business
I/We neither have received nor will receive any indemnity or security in connection with this transaction other than that mentioned above
I/We certify that the goods are wholly or partly produced or manufactured in the United Kingdom
I/We have read and accepted the foregoing printed conditions
I/We certify that the representations made and facts stated in the foregoing are true and correct in every particular, and I/we agree that they shall form the basis upon which your guarantee shall be given

Applicant's signature _____
Address _____
Dated the _____ day of _____ 192__

CREDIT, LETTER OF.—(See **LETTER OF CREDIT**)
CREDIT MOBILIER, SOCIÉTÉ GÉNÉRALE.—The name of a society, which was established in France in 1852, upon the principle of limited liability. The operations of the society are directed principally into three fields—

(1) To aid the progress of public works, and promote the development of national industry—making railways, managing gas companies, and, in fact, becoming a kind of universal trading association

(2) For the buying up of shares and bonds of existing societies and companies, for the purpose of consolidating them into one common stock

(3) For the transaction of general banking and brokerage operations

The funds for the carrying out of these diverse operations are the capital of the company, and the deposits received by the society from the public.

CREDIT NOTE.—This is a document which is sent to the firm returning goods, or to whom an allowance for such matters as short delivery or reduction in the price, is made, and gives full particulars of such return or allowance. Having been checked, an entry is made through the inwards returns book to the credit of the customer's account in the debtors ledger, and the customer on its receipt passes the item through his outwards returns book to the debit of the firm from whom he purchased

Credit Note.

London, Jan 5th, 19

Messrs Tufman & Co., Manchester
Credited by Bardell Bros

10 +	2	Velvet, 79/80=159 yds	2/9	£21	17	3

CREDITOR.—One who gives credit to another, or believes or trusts in him. Commercially the term denotes a person to whom a sum of money is due.

CREDITORS LEDGER.—The ledger containing accounts for all persons to whom money is owing at any time, and, therefore, to whose accounts all items on which credit is taken are posted. The postings are made from the invoice book to the credit of the personal accounts.

CREDITORS' MEETINGS.—Meetings of creditors

in the formal legal sense are subject to the statutory provisions relating thereto contained in the Bankruptcy Act of 1914 and the Bankruptcy Rules made thereunder, and to the common law. A debtor may, of course, call a private meeting of his creditors, which meeting will be free from any special legal requirements; but it should be remembered that something may be done at that meeting which amounts to an act of bankruptcy, rendering the debtor liable to have a petition presented against him. It is in the formal legal sense that creditors' meetings are dealt with in this article.

As soon as may be after a receiving order has been made, the official receiver summons a first meeting of creditors to consider the debtor's position, i.e., whether he shall be adjudged bankrupt or a scheme of arrangement entered into. This meeting is to be held not later than fourteen days after the receiving order has been made and seven days' notice of it is to be given by advertisement in the *London Gazette* and a local paper, and separately to each creditor, together with a summary of the debtor's affairs. The omission of such notice or summary does not invalidate the proceedings at the meeting. The official receiver must give three days' notice of the meeting to the debtor, who must attend. The place must be convenient. The chairman at this, the first meeting, shall be the official receiver, or someone nominated by him, at subsequent meetings the chairman shall be such person as the meeting by resolution appoints.

As regards subsequent meetings one may be summoned at any time by the official receiver or trustee, and he must do so whenever directed by the court, or requested in writing by a creditor, with the concurrence of one-sixth in value of the creditors, including the creditor making the request. Such creditor, however, must deposit an amount sufficient to cover the cost of summoning the meeting, which amount may or may not be refunded to him. These subsequent meetings are summoned by notice to each creditor.

A creditor may not vote at a creditors' meeting unless he has proved his debt, and the proof has been lodged with the official receiver within (in the case of the first meeting) the time specified in the notice convening the meeting, which time must be between noon of the day but one before the meeting and noon of the day before the meeting. A proof to be used at an adjournment of the first meeting, if not lodged in time for the latter, must be lodged not less than twenty-four hours before the adjourned meeting. A secured creditor who retains his security must assess it, and can only vote in respect of the balance due to him after deducting its value, if he votes for the whole amount of his debt, he is considered to have surrendered his security, unless he satisfies the court that he has acted through inadvertence. The chairman of a creditors' meeting may admit or reject proofs for voting purposes, subject to appeal to the court. Voting may be either in person or by proxy, and both general and special forms of proxy must be enclosed with the notice of meeting sent to creditors. A special proxy is an authority to act at a particular meeting for or against a specific matter. Proxies signed either by the creditor or by an employee of his having general authority (which may have to be produced to the official receiver) must be lodged with the official receiver or trustee not later than 4 o'clock on the day before the meeting. A proxy must be in the prescribed form, and every insertion

in it must be in the writing of the creditor or of his regular employee, or of a commissioner to administer oaths. The official receiver may be appointed either a general or a special proxy. A general proxy may be given to the creditor's regular employee, but it must state the relationship between them. A general or special proxy may not be used by any person to vote for a resolution which would directly or indirectly place himself, his partner, or employer in a position to receive any remuneration out of the debtor's estate otherwise than as a creditor rateably with the other creditors. But a person holding special proxies to vote for the appointment of himself as trustee may use such proxies and vote accordingly; any solicitation by a trustee or receiver in obtaining proxies, or in procuring his appointment as trustee or receiver, may involve such person in deprivation of his remuneration.

The chairman of a creditors' meeting may, with the consent of the meeting, adjourn it from time to time and from place to place. If not specified in the resolution, the adjourned meeting is to be held at the same place as the original meeting.

The quorum of a meeting is the presence or representation of at least three creditors entitled to vote, or all the creditors, if their number does not exceed three. It has been decided that one creditor who alone had proved and was present at the first meeting of creditors might form a quorum at that meeting (*in re Thomas, Ex parte Warner*, 1911, 55 S J 482).

Without the necessary quorum the only business that may be transacted is the election of chairman, proving of debts, and adjournment of the meeting. Failing a quorum within half an hour from the time appointed for the meeting, the meeting must be adjourned to the same day, time, and place in the following week, or to such other day as the chairman may appoint not less than seven days or more than twenty-one days after. Failing a quorum at the first meeting or one adjournment of it, the court may, on the application of a creditor or of the official receiver, forthwith adjudge the debtor bankrupt.

The chairman of every meeting must see that minutes of the proceedings thereat are drawn up and fairly entered in a book kept for that purpose, and the minutes shall be signed by him or by the chairman of the next ensuing meeting. Minutes appearing to be so signed are received in evidence without further proof, and, until the contrary is proved, the meeting is deemed to have been duly convened and its business to have been duly transacted.

The procedure at creditors' meetings, except as provided above, follows the customary rules of debate (See CONDUCT OF MEETINGS, CHAIRMAN, DUTIES OF).

CREDITORS, PREFERENTIAL.—(See PREFERENTIAL PAYMENTS IN BANKRUPTCY.)

CREDITORS, SECURED.—(See SECURED CREDITORS.)

CREDIT SALES.—Sales for which the time of payment is deferred or postponed. The purchaser is entered in the vendor's books as a debtor, and the price of the goods is a book debt.

CREDIT SLIP.—The form which is filled up and signed by a customer of a bank when paying in to the credit of a current account. It should be dated by the customer for the day on which the payment to credit is handed across the counter, or, if sent by post, the date of its dispatch.

A credit slip should show how the amount is made up, in gold, silver, copper, notes, cheques, or bills. These slips are usually supplied by the various banks for the use of their customers, either singly or in a special book which is known as the "paying-in" book.

Another name for a credit slip is "paying-in slip."

CREOSOTE.—A name originally confined to the oily liquid obtained from the destructive distillation of wood, but now extended to similar substances resulting from the distillation of coal tar. Wood creosote is antiseptic, and is used medicinally in cases of toothache, etc. Coal tar creosote is more important commercially, chiefly on account of its preservative properties, which make it valuable for the preservation of such diverse articles as meat and timber. It is particularly employed to prevent the decay of railway sleepers.

CRETE (or CANDIA).—The Island of Crete, the chief focus of the culture of the eastern Mediterranean in the Bronze Age, and the fourth largest island in the Mediterranean, forms part of the great curve of islands which bounds the Aegean Sea on the south, and lies like a bridge between Greece and Anatolia, and near to Egypt, from which it derived in part its ancient culture. Its position made it in the past a great sea-power, with numerous thriving towns. In the Middle Ages it was for some time in the possession of the Arabs, who were followed by the Venetians, next by the Turks who ruined it, and finally, in 1914, it became part of Greece, with a more hopeful future. The island has a length of about 160 miles, and varies in breadth from 7½ to 35 miles. Its total area is a little under 3,000 square miles, and its population is about 350,000, most of whom are of Greek descent and Greek outlook.

Crete emerges from the sea like a jagged knife-blade, a mountainous limestone island, with a main east-west axis, part of the great curved chain which once extended from the backbone of Greece through Cyprus and the Taurus mountains to the Caucasus. The mountains are grouped in more or less isolated masses, presenting, in the south, a scarp facing the founded basin of the Eastern Mediterranean Sea, but, in the north, falling more gently and ending in an indented coast. The lofty, rugged, snow-capped White or Spilakia mountains (7,882 ft) in the west are connected with the central hog-backed Ida (8,065 ft) by lower ridges such as Kentros, broken by the Amari valley. Between Ida and the lower range of Kophinos to the south stretches the wide plain of Messara (the scene of the development of the Cretan Bronze Age culture). Eastward extends the Lassithi group (7,165 ft), followed by the isthmus of Hierapetra, and the fells of Kavasi (4,850 ft).

The climate is typically Mediterranean, warm and equable, the annual rainfall being 27 in. Thyme, juniper, and cistus cover the hills, the hill slopes are vine-terraced, olive groves are widely spread; and, in spring, the beautiful and pleasant landscape, more fertile and enriched with trees (in spite of destructive goats) than Greece, is gay with anemones, crocuses, hyacinths, irises, lilies, saffron, and poppies.

Abundant water supplies and fertile soils make the island self-sufficing and capable of supporting a considerable population. Agriculture and stock-rearing are the chief occupations. Grain, olive oil, wine, fruits, carob beans, and valonia, are the

principal agricultural products; and cattle, sheep, and goats are reared in the interior. Till lately, roads were mere bridle tracks for mules and muleteers, but now motor roads are being made, and a railway may follow.

The three chief towns lie on the north coast, and all have indifferent harbours, the best anchorage being at Suda Bay.

Candia (25,000), founded by the Saracens in 824, has a small harbour, and ships grapes, wine, almonds, olive oil, and soap.

Canea (20,000), the political capital, situated towards the western end of the north coast, abounds in mosques.

Retimo (12,000), between Canea and Candia, is a small port.

Sitta, at the eastern end of the island, and *Hierapetra*, on the south coast, are little better than villages.

(For map see GREECE.)

CRETONNE.—Strong printed cotton fabrics of flowery design, used for curtains, furniture coverings, etc. The original material bearing this name was a white cloth of French manufacture. Some derive the word from the name of the inventor, while others trace it to the Norman town of Creton.

CREW.—The crew, in the ordinary sense of the word, includes the whole of the ship's company, except the master, that is to say, the mate or mates who are next in authority after the master, the carpenter, steward, cook, and the able and ordinary seamen and boys. To these must be added, in the case of steamships, the engineers and firemen. Each member of the crew has special duties to perform, which are well defined by usage. It is in this sense that the word is used in the Merchant Shipping Act, 1894, except as regards the list of the crew mentioned in Section 253 of the Act, in which the master and apprentices are expressly included. Since 1853 British ships may be manned by persons of any nationality. A vessel is bound to carry a sufficient crew for the purposes on which she is employed. The Merchant Shipping Act contains no provision requiring seamen (other than officers and engineers) to have any qualifications, except that they cannot be rated as able-bodied seamen unless they have served at sea for four years before the mast. When it is desired to find out whether the owner is the employer of the master and crew, or any of them, the primary questions seem to be: Who pays them? Who appointed them? Who can dismiss them? The last is, perhaps, the most important of the three. A master and crew appointed by the owner, but paid by the charterer, were held to be the owner's servants, and the owner to be liable for their negligence. For the purposes of a policy of insurance, or a contract of sea carriage, a shipowner is bound to provide a sufficient and skilled crew for the voyage, or the ship is not seaworthy. In the case of an emigrant ship, the Merchant Shipping Act makes it compulsory for her to be manned with an efficient crew for her intended voyage to the satisfaction of the emigration officer, and after the crew has been passed by him, its strength must not be diminished, or any of the men changed without the written consent of either him or the superintendent at the port of clearance. The hiring of seamen in the United Kingdom by the master of any British foreign-going ship must be transacted before a superintendent of the mercantile marine, who is

required in that case to read over and explain the agreement to the seamen, and afterwards to attest the signature of each seaman, written, as it must be, in his presence. The engagement of a seaman abroad must take place before either a superintendent or an officer of customs, if the place is in a British possession; or if at a foreign port in which there is a British consular officer, before him. The hiring of seamen must be by written agreement, which requires no stamp, in the form issued by the Board of Trade. The agreement being in writing, it is nevertheless enacted that a seaman may prove the contents of it, or otherwise support his case, before any court of justice, without producing or giving notice to produce it. A power has been specially reserved to the High Court of rescinding any contract of sea service between the master and crew, if it thinks it just to do so. The Court of Admiralty entertains proceedings against foreign ships in the ports of this country, at the suit of any of their crew, for wages due by the general maritime law. The duty of the owner and master to provide provisions and water, of proper description, and in sufficient quantity for the use of the crew, obliges him now to specify the description and quantity in the contract, and to furnish the crew with the means of weighing and measuring the articles when served out. Compensation is to be paid them for short allowance. The expense of all medicines, surgical and medical advice, and attendances whilst on board his ship is to be borne by the owner; and if the patient is temporarily removed to prevent infection or otherwise for the convenience of the ship, and he subsequently returns to duty, the owner is to bear the expense of such removal, and the necessary advice, with attendance, medicines, and maintenance whilst the patient is absent from the ship. The provisions of the Workmen's Compensation Act, 1925, apply to masters, seamen, and apprentices to the sea services, provided that such persons are workmen within the meaning of the Act, and are members of the crew of any British ship. A specified amount of space for each member of the crew must be provided in the place appropriated to them on board, and such place is to be kept free from encroachments, to be protected from sea and weather, and from effluvia, and in all other respects securely constructed and well lighted and ventilated. If any three or more of the crew of a British ship complain to an officer in command of one of His Majesty's ships, a British consular officer, superintendent, or chief officer of customs, that the provisions or water on board are bad in quality, unfit for use, or deficient in quantity, the officer may examine them, and if he finds the complaint justified, he must give notice of the fact to the master, who must then remedy the cause of complaint. The result of the examination must be entered in the official log-book, and a report sent to the Board of Trade by the examining officer; but any frivolous complaint forfeits to the shipowner a sum not exceeding one week's wages from each person so improperly complaining. The Merchant Shipping Act, 1906, provides for the protection of seamen from risk in ships carrying deck timber cargoes in winter. It is a misdemeanour for the master to discharge any seaman at any place out of the United Kingdom (except at a port in the country where he was shipped) without previously obtaining the sanction in writing, indorsed on the agreement, of the proper authority. Obedience by the crew to the lawful order of the master is

necessary, even though he uses his authority harshly.

CRIMINAL APPEAL COURT.—(See APPEAL.)

CRIMINAL LAW.—That body or branch of the law which deals exclusively with offences which, although directly affecting individuals, are opposed to the good government of the State. The term is always used to distinguish it from the civil law (*q v*). The principal offences under criminal law, so far as they have any reference at all to commercial matters, are noticed under separate headings.

CRORE.—A hundred lacs of rupees (See LAC.)

CROSS BILL.—(See RE-DRAFT.)

CROSSED CHEQUES.—The cheques dealt with in the article **CHEQUE** are those which can be presented to the banker upon whom they are drawn, and paid over the counter of the bank. Such cheques are known as "open" cheques, and it is obvious that great risks are always run when they are in circulation. A drawer, for instance, loses a cheque. Any finder of it can go at once to the bank and cash it, unless it has been stopped, or he may transfer it to a holder in due course (*q v*). The holder is entitled to the money represented by the cheque, and if he cannot obtain it from the bank by reason of its being stopped, he may sue the drawer upon it. And the drawer has no defence unless he can show that the holder is not a holder in due course. Again, the cheque may be lost or stolen in the post. As to who is the loser depends upon whether the post is the agent of the sender or of the person to whom the cheque is sent. (See **POST OFFICE AS AGENT**.) But any person who becomes a holder in due course (*q v*) has a title against the world, unless the cheque is payable to order and the thief forges the indorsement of the payee. The holder has then no title since he has taken under and through a forged indorsement. He may, however, get the money from the bank, if the cheque is open, and the banker upon whom the cheque is drawn is never liable for paying under the forged indorsement unless he has been ordered to stop payment. The true owner must then seek out the holder, and sue him for the return of the amount of the cheque. It is obvious, however, that great difficulties would arise before restitution could be brought about.

It was to avoid losses arising through cheques getting into the hands of wrong parties that the custom of crossing was introduced. The remedy is not infallible, as will be seen directly, but the fact of a cheque being paid through a banker instead of over the bank counter makes it less easy for frauds to be committed, and more easy for them to be detected when they have been committed. As was said in one case, the crossing operated as a caution to the banker. The mere crossing of a cheque in no wise affects the negotiability of the instrument, it simply affects the mode of payment. The holder in due course has a perfect title to it. Two statutes passed upon the subject have been repealed by certain sections of the Bills of Exchange Act, 1882, and the law as to crossed cheques is contained in sections 76 to 82 of the Act.

Crossing Defined. A cheque is crossed generally when it bears across the face of it an addition of (a) the words "and Company," or any abbreviation thereof, *e g*, "and Co.," between two parallel transverse lines, either with or without the words "not negotiable"; or (b) two parallel transverse lines simply either with or without the words "not negotiable." A special crossing is constituted when,

in addition to the above, the name of a banker is written on the face of the cheque. A cheque is then crossed specially to that banker (sect. 76). It is to be observed that the provisions of the Act as to crossed cheques apply to dividend warrants, and also to "any document issued by a customer of any banker, and intended to enable any person to obtain payment from such banker of the sum mentioned in such document." Post office orders and postal orders are frequently crossed, in the same manner as cheques, and then payment of them cannot be obtained except through a banker.

Who can Cross Cheques. In practice, unless he is particularly requested not to do so, as when cash is required at once from the bank, the drawer crosses the cheque before issuing it, and he may cross it generally or specially. If he omits to do so, the holder may cross it, either generally or specially, and if the drawer crosses it generally the holder may cross it specially. Either drawer or holder may also add the words "not negotiable." Again, when a cheque is crossed specially, the banker to whom it is crossed may again cross it specially to another banker for collection, and where an uncrossed cheque, or a cheque crossed generally, is sent to a banker for collection, he may cross it specially to himself (sect. 77). The crossing authorised by the Act is a material part of the cheque, and it is unlawful for any person to obliterate or to add to or alter the crossing, except as above stated (sect. 78). It must be remembered that by section 64 of the Act a material alteration, without the assent of all parties, avoids the cheque except as against the party who has himself made, authorised, or assented to the alteration, and all subsequent parties; but if the alteration is not apparent, and the cheque gets into the hands of a holder in due course, such holder is in no way prejudiced by such alteration. If the alteration or the obliteration of the crossing is done for a fraudulent purpose, it constitutes a forgery. Many firms have their cheques crossed by means of printing, and issue no open cheques at all. Bankers also will often, on request, issue cheque books containing cheques which are crossed generally. A payee may, however, make a special request for his own convenience that the cheque shall not be crossed, and the drawer sometimes accedes to the request by striking out the crossing, adding the words "pay cash," together with his signature or initials. This is known as "opening the crossing." It is an irregular, though not uncommon, method of procedure, but it does not appear to have been judiciously questioned.

Form of Crossing. Two transverse lines are sufficient to constitute a crossing, but the common practice is to cross a cheque generally by drawing the two transverse lines and writing the words "and Co.," or "& Co.," between them. If the crossing is a special one, the lines are drawn as before, and the name of the bank written between, thus, "X & Y Bank."

Duty of Banker. The duty of a banker as to crossed cheques, omitting for the moment all reference to those which are marked "not negotiable," is set forth in sections 79 and 80 of the Act as follows—

"(1) Where a cheque is crossed specially to more than one banker, except when crossed to an agent for collection, being a banker, the banker on whom it is drawn shall refuse payment thereof.

[CRO]

AND DICTIONARY OF COMMERCE

[CRO]

DIAGRAMS OF CHEQUE CROSSINGS.

General Crossings.

	<i>Not Negotiable.</i>
1	4
	<i>& Co.</i>
<i>Not Negotiable.</i>	
2	5
	<i>Under Five Pounds</i>
	<i>Not Negotiable.</i>
3	6
<i>& Co.</i>	<i>Under Ten Pounds.</i>

Special Crossings.

	<i>Not Negotiable.</i>
7	10
<i>Farmer's Bank.</i>	<i>& Co</i>
	<i>Barton's Bank, Ltd</i>
	<i>Not Negotiable.</i>
8	11
<i>& Co</i>	<i>Universal Bank,</i>
<i>Farmer's Bank.</i>	<i>for Account of Payes.</i>
<i>Not Negotiable.</i>	
9	12
<i>* United Bank of London. *</i>	<i>X & Y. Bank, Ltd</i>
	<i>Under Twenty Pounds.</i>

"(2) Where the banker on whom a cheque is drawn, which is so crossed, nevertheless pays the same, or pays a cheque crossed generally otherwise than to a banker, or if crossed specially otherwise than to the banker to whom it is crossed, or his agent for collection being a banker, he is liable to the true owner of the cheque for any loss he may sustain owing to the cheque having been so paid. Provided that where a cheque is presented for payment which does not at the time of presentment appear to be crossed, or to have had a crossing which has been obliterated, or to have been added to or altered otherwise than as authorised by this Act, the banker paying the cheque in good faith, and without negligence, shall not be responsible or incur any liability, nor shall the payment be questioned by reason of the cheque having been crossed, or of the crossing having been obliterated, or having been added to or altered otherwise than as authorised by this Act, and of payment having been made otherwise than to a banker or to the banker to whom the cheque is or was crossed, or to his agent for collection being a banker, as the case may be."

Section 80 is as follows—

"Where the banker, on whom a crossed cheque is drawn, in good faith and without negligence pays it, if crossed generally, to a banker, and if crossed specially, to the banker to whom it is crossed, or his agent for collection being a banker, the banker paying the cheque, and, if the cheque has come into the hands of the payee, the drawer shall respectively be entitled to the same rights and be placed in the same position as if payment of the cheque had been made to the true owner thereof."

The banker has the same protection as before in cases of forged indorsements, though he must take the risk of his customer's signature being correct. But if he deals with the cheque in any other manner than that authorised by the Act, his protection is gone, and any loss which ensues must fall upon him.

Illustrations. It is impossible to make the provisions of these sections clearer by any other means than illustrations. A draws a cheque upon the X Bank; B is the payee of the cheque. It is crossed generally. B receives the cheque and indorses it. It cannot be paid over the counter, it must go through a banker. B pays the cheque into his own banking account at the Y Bank. The cheque is collected through the Clearing House, and the amount is credited to B's account, A's account being debited at the X Bank. This is the most general and ordinary way in which the transaction is carried out. Either A or B may cross the cheque specially to the Y bank, and the same result will happen; and if it is specially crossed to the Z bank, the Z banker will cross it again to the Y bank for collection.

The crossing of a cheque does not give absolute security, but the fact of being able to trace the persons through whose hands it has passed before being paid by the banker upon whom it is drawn goes a long way towards helping the true owner to obtain restitution under certain circumstances.

Collecting Banker. So far, the position of the paying banker—the banker upon whom the cheque is drawn—has been considered, and it has been seen that, excepting the risk as to forgery of the drawer's signature, he is practically freed

from all chance of liability so long as he acts with proper prudence and in good faith. It is now necessary to notice the position of the banker who receives the proceeds of the cheque—the collecting banker. In order that anything can be done with a cheque, the banker must in some way or other deal with it. By the common law, when one person deals with the goods of another without authority, he is liable to an action for conversion. The same is the common law rule in the case of a cheque. If, therefore, A deals in any way with a cheque which is the property of B, and has no authority so to deal with it, as, for example, if he is not a holder in due course, B has a right of action against A, and A will be condemned in damages; but for Section 82 of the Act, the position of the banker would not be different from that of any other person. In the interests of commerce and banking, however, it has been provided that "Where a banker, in good faith and without negligence, receives payment of a cheque crossed generally or specially to himself, and the customer has no title or a defective title thereto, the banker shall not incur any liability to the true owner of the cheque by reason only of having received payment."

Bank Customer. This protection is very great, but it must be noticed how carefully it has to be construed, so as to prevent any abuse. Good faith and absence of negligence are insisted upon. Also, the protection applies only to crossed cheques, and it appears that the crossing must be made before the cheque gets into the hands of the collecting banker. And then, the collection must be made on behalf of a customer. The definition of a customer has led to litigation, the two leading cases upon the matter being *Lacau v Crédit Lyonnais*, 1897, 1 Q B 148, and *Great Western Railway Company v London and County Banking Company*, 1901, App. Cas. 414, in the latter of which the House of Lords came to the decision that, in order to make a person a customer of a bank within the meaning of the protecting Section, there must be some sort of account, either a current or a deposit account, in existence, or some similar relationship must exist between the banker and the person for whom he collects the cheque. The mere fact that for many years a banker has collected and paid the proceeds of cheques to a particular individual, in order to oblige him, without any difficulty arising, will not protect the banker when a crossed cheque comes along, and the proceeds are improperly dealt with by the person who has been so repeatedly accommodated. But a person does not cease to be a customer, within the meaning of the Section, because his account is overdrawn, or the banker has allowed him a further overdraft. In the absence of some such restraint, it is clear that tremendous facilities would be given to fraudulent dealings. For example, a thief might take a stolen cheque, quite regular upon the face of it, to a banker with whom he had never had any previous dealings and ask him to collect it for him, and there would be no chance of the true owner, who might not find out his loss for some time, obtaining any restitution. The collecting banker is placed upon inquiry, and he is bound to know something of the person for whom he collects, otherwise he runs the risk of being sued for the amount by the true owner. The banker knows presumably how to conduct his own business and can take care of himself, and so long as he is guilty

of no negligence, he will not be responsible for the fraudulent practices of any of his customers who turn out to be unsatisfactory in their dealings outside the bank. But if a customer is aware of any special method adopted by a banker in particular cases and acquiesces in the same, he cannot sue the banker for any loss which occurs in connection therewith.

Amending Act of 1906. Again, a banker was not entitled until the passing of the Bills of Exchange (Crossed Cheques) Act, 1906, to the protection of Section 82 of the Act of 1882, if he received payment of a cheque in any other respect than on behalf of a customer, *e.g.*, as a holder for value. The position of a collecting banker who credited the amount of a cheque to a customer before receiving payment of the same was considered in several cases. The general result appeared to be that if the banker allowed his customer to draw immediately upon the amount of the cheques paid in, he had to take the risk of the customer having a defective title to them and might, therefore, be liable to an action for conversion. Thus, a customer paid in a cheque bearing a forged indorsement of the payee to the X Bank for £100 on January 1st. The banker credited his customer's account with the amount, and before receiving payment allowed the customer to withdraw a substantial portion of the £100. The banker was held liable to the true owner for the conversion of the cheque, whereas, as has been shown, if he had waited until payment was made to him by the banker upon whom the cheque was drawn, he would have been freed from all liability. The amending Act of 1906 has changed the law in this respect, and it is now enacted that "A banker receives payment of a crossed cheque for a customer within the meaning of Section 82 of the Bills of Exchange Act, 1882, notwithstanding that he credits his customer's account with the amount of the cheque before receiving payment thereof."

Whether a bank receives a cheque as holder for value or as agent for collection depends on the facts of the case. If there is an express or implied agreement that the customer can draw against the cheque immediately on payment in and before clearance the facts point to the bank being holder for value (*A. L. Underwood, Ltd. v. Bank of Liverpool* (1924) 1 KB 775, C.A.).

Not Negotiable. A further protection is given in the case of crossed cheques by marking them "not negotiable." The words take away entirely the negotiability of a cheque (just as the bill of exchange may have its negotiability affected by its being restrictively indorsed), as they do that of a bill, though they do not in any way affect its transfer. Even a holder for value has no better right to keep such a cheque than his immediate transferor, and the true owner can always reclaim it, or the amount of it, no matter what has been done with it, although the banker who collects and the banker who pays are fully protected, provided the collection and the payment have been made in good faith, without negligence, and in the ordinary course of business. For example, a cheque is drawn by A, made payable to B, and indorsed to C. It is crossed and marked "not negotiable." The signatures of A and B are genuine. C is the true owner of the cheque, and he indorses it. It is lost or stolen, and comes into the possession of D, who takes it in good faith and gives value for it. D pays it into his own

bank, and his banker receives payment for his customer from the bank upon which the cheque is drawn. Both banks are exonerated from liability by statute. C discovers his loss and also that D has obtained payment. He can recover the amount from D. The position has been considered before, but with this difference as to the presence of the words "not negotiable." Since the cheque is not a negotiable instrument, D does not obtain any better title than his immediate transferor. The transferor had either stolen or found the cheque, and was not the true owner of it. As regards the true owner, C, D is in no better position than his transferor. His only remedy is to find out the transferor, if he can, and get him to refund the money. The remarks made in the present paragraph are intended to render the law upon the subject of "not negotiable" cheques as clear as possible, and are an expansion of Section 81 of the Act, which runs as follows:—

"Where a person takes a crossed cheque which bears on it the words 'not negotiable' he shall not have and shall not be capable of giving a better title to the cheque than that which the person from whom he took it had."

It will have been observed that there are many risks run by tradesmen who cash cheques to oblige their customers, unless they happen to be well acquainted with them, and so can recover from them in case of any loss arising. To cash a cheque for a stranger is a foolish action. First, there is the risk as to the signature of the drawer being a forgery; secondly, there is a like risk as to the indorsement of the payee; and, lastly, if the cheque is marked "not negotiable," there is the added risk that the transferor has a defective title, that is, that he is not a holder in due course. In any of these cases the tradesman must lose his money, and his chances of reimbursing himself for his loss will be practically nil, but if none of these difficulties arises, any person who has a cheque marked "not negotiable" in his possession may negotiate it in the same manner as any other cheque. It is scarcely necessary to add that the words "not negotiable" can be added only to a crossed cheque. If they are placed upon an open cheque they may be ignored. They do not make the cheque not negotiable. (See ACCOUNT PAYEE, MARKED CHEQUE.)

CROTON OIL.—A thick, brownish oil, with a rancid odour and hot, biting taste. It is expressed from the seed of an East Indian plant, the *Croton Tiglium*, and is useful in pharmacy as an extremely powerful purgative, the dose being limited to one drop, owing to the poisonous properties of the oil. A strong liniment, valuable for certain cases of internal inflammation, is prepared by mixing the oil with alcohol and cayuput oil. The West Indian *Croton eleuteria* is the source of cascarrilla bark (*q.v.*).

CROWN AGENTS.—Crown agents for the colonies are officials who are appointed by the British Government, through the Secretary of State for the Colonies, to act as business and financial agents for the colonies and protectorates to which they are attached. The self-governing Dominions appoint agents of their own.

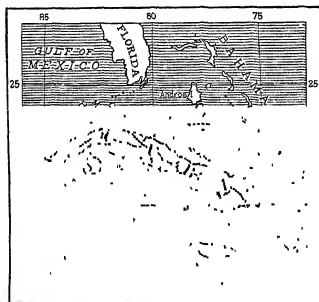
CROWN GLASS.—(See GLASS.)

CROWN PIECE.—This is a British coin of the value of 5s., or one-fourth of a £. It is a silver coin now seldom seen. The crown piece was first coined about the middle of the sixteenth century. (See COINAGE.)

CRUCIBLES.—Open vessels, usually of fireclay, used for fusing metals, glass, etc. They must, of course, be made of an infusible material, which will remain unsoftened by the contents. Fireclay, either alone or mixed with plumbago, resists all but the highest temperatures. Platinum, porcelain, gold, silver, iron, carbon, and lime are other substances from which crucibles for special purposes are manufactured.

CRYOLITE.—A greyish mineral found in large deposits on the west coast of Greenland and to a less extent in the Ural Mountains. It is a double fluoride of aluminium and sodium, and is one of the sources of aluminium. It is also used in the manufacture of glass, but chiefly in the production of alum and caustic soda.

CUBA.—Cuba, "the Pearl of the Antilles," the largest island of the West Indies, lies on rather than in the Caribbean Sea, its western end jutting out into the middle of the entrance to the Gulf of Mexico,



130 miles from Yucatan and about the same distance from the mainland of Florida. Long and narrow, its shape that of an enormous crocodile, Cuba has a maximum length, from east to west, of 730 miles, and a breadth varying from 22 to 160 miles. Including the Isle of Pines and the numerous islands and keys (cays) with which it is surrounded, Cuba has a total area of nearly 46,000 square miles, the area of the main island being rather less than 42,000 square miles. Its population is approximately 3,369,000, 70 per cent of whom are whites, the remainder being mulattoes and negroes. From 1492 to 1898, the island was a Spanish possession, but in the latter year it was ceded to the United States. In 1901, Cuba became an independent republic, but its people proving unworthy of full trust, it is now, in reality, a quasi-protectorate of the United States. (There are reservations as to treaties, commerce, debt, and use of naval stations in favour of the United States.) Spanish is the universal language, and Roman Catholic the chief religion.

Coast Line. The coast, with a line upwards of 2,500 miles long, is much indented and bordered, especially in the north, by keys or fringing coral islets, which make navigation from the open ocean difficult, but form sheltered roadsteads. The main island has several splendid harbours, with narrow

winding entrances which open into broad, lake-like expanses, as at Havana, Santiago, Guantánamo, and Cienfuegos. Everywhere, the land rises steeply out of the sea, forming cliffs, which in the east rise in successive terraces.

Relief. Mountain ranges, part of the Antillean chain, run lengthwise through Cuba, forming its spine. These ranges are high in the east, where the Sierra Maestra, composed of granite with an overlay of calcareous rock, rises in the Peak of Tarquana to a height of nearly 8,400 ft., and comparatively low in the west, where the carboniferous Organos range nowhere attains much above 2,500 ft. Between these sierras is a limestone karst region—a rolling undulating country, broken by hills, the highest point, on the south, being the Potrerillo Peak, about 2,900 ft. high. Much of the coastal area, especially in the south, is marshy. The rivers, of little use for navigation but serving for irrigation, flow north and south of the mountain ranges, and are numerous. They cross the limestone plains in wide valleys, sometimes sinking through the porous rock, and flowing for a part of their course underground. The chief river, the Cauto (200 miles), navigable for a stretch of several miles, has a westerly course, and empties into Manzanillo Bay.

Climate, Vegetation, and Fauna. Cuba's climate, typically tropical, is modified by its insular position, and varies according to altitude. Much rain falls, especially in the north-east (100 in.), which gets the full benefit of the north-east trades. There are two seasons—the wet from May to October, which has two-thirds of the total rainfall, and the dry from November to May. The mean temperature of the dry or winter season is between 70° and 80° F., and that of the wet or summer season is between 80° and 90° F. With proper attention to hygiene, Cuba is as much a white man's land as a coloured man's. Yellow fever has been stamped out, but the swampy, malarial districts need to be avoided. Almost every type of vegetation from the hot, wet, primeval forests of the windward regions to the savannahs of the interior, is found. Most of the island, except the cultivated lands of the centre and west, is covered with dense forests, containing ebony, mahogany, rosewood, indigo, logwood, cedar, royal palm, mastic, copal, giant ceiba, pine, plantain, lime, and orange. The fauna is less interesting. There are the agouti, the Cuban tailless rat, the Antillean rabbit, the bat, and the mouse. The manatee, or sea-cow, is found at the mouth of some rivers, and crocodiles frequent the southern swamps. Reptiles, tortoises, and birds of resplendent plumage abound. Fishes there are of many kinds, remarkable for their quality and brilliant metallic colouring rather than for their edible quality.

Production and Industries. Cuba derives its wealth from its fertile cultivated areas, which produce not only sugar and tobacco, but also coffee, cocoa, rice, maize, cotton, and rubber. Sugar is the staple crop, the total area of the sugar-cane plantations being about 1,400,000 acres. Over 5,000,000 tons of sugar were produced in 1925 (a quarter of the world's supply), and much American capital is invested in the sugar industry. Probably, the sugar-cane flourishes better between the Organos and Maestra ranges than in any other region in the world. Next to sugar comes tobacco, the manufacture of which has a value of about £70,000,000 sterling a year. About three-fourths of the tobacco comes from the province of Pinar del Rio, the remainder from Havana and Santa Clara provinces.

The southern slopes of the Organos range, the famous Vuelta Abajo, produces on small farms the finest cigar-tobacco in the world. Coffee, grown on the mountain slopes, shows a decline in production, but rice is being increasingly cultivated. The export of fruits—pine-apples, bananas, coconuts, oranges, and lemons—promises to become more valuable even than tobacco. Other agricultural products are rum, brandy, honey, sweet potatoes, yams, spices, alcohol, and henequen.

The prospects of the pastoral industry on the savannas of the eastern plains are excellent. There are about 4,000,000 cattle, 700,000 horses, and 64,000 mules.

Lack of transport facilities hinders the exploitation of the forest products, which include mahogany, cedar, dyewoods, fibres, gums, resins, and oils.

The mineral wealth of the island that is being worked, and in which American capital is active, consists of copper, iron ore, silver, manganese, asphalt, and petroleum.

Apart from sugar, tobacco, and alcohol, the industries of Cuba are of little importance. Local manufactures include paper, soap, perfumes, cement, beer, furniture, rope, and twines.

Communications.—About 1,800 miles of cart roads exist in Cuba, but many of these are in bad repair. British interests are well represented in the railways. The total railway mileage approaches 6,000, of which 2,790 are private lines on the sugar plantations. Among the chief railways, which connect the principal towns and ports from Pinar del Río, in the tobacco region of the west, to Santiago de Cuba in the mining region of the east, are the United Railways of Havana (874 miles, British controlled), the Cuban Railway (847 miles), the Cuban Central Railway (380 miles), and the Western Railway of Havana (47 miles). Telegraphic, telephonic, and wireless services are satisfactory.

Trade. The shipping, coastal, and world, is great. Most of the foreign trade is with the United States, which has the advantages of tariff discrimination, invested capital, and geographical position, followed by Great Britain, France, Spain, and Germany. The chief exports are sugar, tobacco, fruit, rum, timber, minerals, hides, resins, oils, and fibres, and the chief imports are foodstuffs, tissues, and manufactures, machinery, metals and metal manufactures, chemicals, leather and leather goods, perfumes, cosmetics, toilet soaps, china, and earthenware. Both the currency of Cuba and of the United States are legal tender in the island.

Trade Centres. Fully a third of the population lives in the cities and principal towns.

Havana (539,000), the capital, situated on the north-west coast amid rich tropical vegetation, has a magnificent harbour crowded with ships from all quarters. The city consists of the old and new towns, the former narrow, cramped, and quaint, the latter wide and spacious. Its chief note is Spanish, but there is a tendency to cosmopolitanism. Cigars and tobacco, both world-renowned, are its chief manufactures.

Santiago de Cuba (77,000), the former capital, on a land-locked harbour south of the Sierra Maestra, exports tobacco, mahogany, and ores from the mines of the Sierra de Cobre. Like Havana, it has an old and a new town, but its climate is hardly so good as that of Havana.

Matanzas (63,000), at the head of Matanzas Bay, on the north coast, is the second seaport.

Other centres are the ports of *Cardenas* (74,000),

Guantánamo (53,000), *Manzanillo* (64,000), and *Trinidad* (46,000), and the inland towns of *Camaguey* (93,000), *Santa Clara* (71,000), *Pinar del Río* (50,000), and *Sancti Spiritus* (78,000).

Mails are regularly dispatched from Great Britain to Cuba, either direct or via the United States, twice a week, Wednesdays and Saturdays. The time of transit is about twelve days.

CUBEBS.—The dried berries of the *Peper Cubeba*, a climbing shrub of Java and Sumatra. The greyish-brown seeds are about the same size as those of black pepper. They have an aromatic taste and a peculiar odour. A volatile oil, a crystallising substance known as cubebol, and cubebic acid are obtained from them. They are used in pharmacy as remedies for indigestion, sore throat, etc. They are also known as cubeb pepper.

CUCUMBER.—The large, oblong fruit of a species of *Cucumis sativus*, a native of Asia. It is usually grown in frames or greenhouses, but certain varieties flourish in the open air in the South of England and in other localities of the same temperature. The juice of the fruit contains a powerful drug. Cucumbers are much used for salads and for pickles, a small variety, known as gherkins, being used for the latter purpose.

CUDBEAR.—A purple dye obtained from a lichen. It is one of the preparations of archil (*q.v.*) Owing to its fugitive colour, it is no longer in great request, except to some extent as a stain for wood.

CULILABAN BARK.—The aromatic bark of the *Cinnamomum Culilaban*, an East Indian tree of the same genus as the cinnamon. It is sometimes called clove bark, as its odour is similar to that of cloves. It is used medicinally as a remedy for indigestion and diarrhoea.

CUM DIVIDEND.—This term signifies "with the dividend that is due or accruing." If stocks or shares are thus sold, the buyer takes the benefit of the dividend that has to be distributed. When they are sold "ex dividend," the seller disposes of the securities, but retains the dividend owing or accruing upon them for himself.

CUM DRAWING.—This term is used when bonds are dealt in at or near the time when a drawing takes place. It means that the securities are sold with any benefits that may arise from the drawing, and if the bonds are drawn for repayment at par, or at a premium, the buyer receives the profit.

CUMMIN.—Also spelt Cumun. An umbelliferous plant of Southern Europe, Egypt, and other parts of North Africa, and India, cultivated for its seeds, which somewhat resemble caraway seeds in their properties. They contain a volatile oil, to which they owe their aromatic flavour. In the north of Europe they are sometimes mixed with cheese and with bread. The chief supplies come from Morocco. Their medicinal use is now confined to horses and cattle.

CUM NEW.—This signifies the right to claim any new shares or new issues of stock about to be issued in virtue of present holdings. Joint-stock companies, when increasing their capital, sometimes offer a number of new shares to each of the existing proprietors, and as such shares usually command a premium in the open market, shareholders often sell their right to the allotment by signing a letter of renunciation in the buyer's favour, by which means the former would secure the premium on the new shares without incurring any liability with respect to them. The original shares, if dealt in about that time, and sold with the right to claim the

allotment of the new shares, would be quoted "cum new."

CUMULATIVE DIVIDEND.—Preference shares have a preferential right to dividend before ordinary shares, and if the profits of the company in one year are not sufficient to pay the full dividend, the profits of succeeding years are used for that purpose, and, until the preference shares receive a full dividend for each year, the ordinary shares receive nothing. The dividend in such cases is called cumulative.

If, however, the preferential right as to dividend is confined merely to the profits of each year, the dividend is non-cumulative.

CUMULATIVE PREFERENCE SHARES.—These are securities upon which, if the guaranteed dividend cannot be paid in any one year, or any series of years, the dividend accumulates until sufficient profits are available out of which the dividend can be paid. Such accumulated dividend is entitled to payment before either the preference or the ordinary shares can receive any dividend in any succeeding year, the revenue for any year being first applied to payment of dividend for that year which has been longest in arrear, then the following years in succession until the current year's preferential dividend has been paid, after which the ordinary shares are entitled to participate. (See PREFERENCE STOCKS AND SHARES.)

CURAÇAO or CURAÇAO.—A liqueur first manufactured in the Dutch West Indian island of that name. It is now chiefly made at Amsterdam from the dried rind of the Curaçao orange, which is steeped in water and afterwards distilled with alcohol. Sugar and Jamaica rum are then added. There are three qualities, varying in colour, viz. orange, white, and green. The quantity of alcohol contained is usually just under 30 per cent. There are many imitations, one being made from the rind of bitter oranges and whisky.

CURRENTS.—The name applied generally to the dried berries of a variety of vine grown in the Levant, and to the red, black, and white garden currants grown in England. The latter are much used for jellies, wines, and preserves, and the fresh fruit is also much appreciated. The grape currant was first cultivated at Corinth, and the word "currant" owes its origin to that fact. It is now grown also in the Ionian Islands and in parts of Italy. A sweet wine is made from the fruit, but the latter is mainly cultivated for export. The trade in it is practically monopolised by Greece. The culinary uses of currants are numerous, and their value as an article of food is generally recognised.

CURRENCY.—The word was originally applied to the currency, or passing from hand to hand, of money; but it has now come to be applied to the money itself—gold, silver, and copper. Bills of exchange, bank notes, cheques, and any other documents which act as a substitute for coins are also included under that term.

The currency or circulating medium by which sales and purchases were effected in olden times was represented in different countries by articles, such as sugar, furs, fish, cloth, cowries, salt, and blocks of tea. A depreciated currency is a currency the exchange value of which is not equal to its nominal value in bullion.

The period for which a bill of exchange is drawn, or the period which it has to run before maturity, is spoken of as the currency of the bill. The

currency of a bill payable after sight begins when the bill is accepted (See COINAGE, MONEY, FOREIGN MONIES).

CURRENCY BONDS.—These are bonds which are issued by various American railway companies, the principal and interest of which are repayable in the currency of the United States, i.e., the bonds may be repaid in paper, silver, or gold.

CURRENCY CERTIFICATES.—These are certificates which are issued to bankers and other persons by the Treasury of the United States against the deposits of Treasury and Government Notes.

CURRENCY CLAUSE.—Insurances are frequently effected in Great Britain on foreign account, the sum insured being expressed in a foreign currency. As rates of exchange will probably fluctuate between premium payment and claims settlement, it is necessary to reduce remittances to some common denominator.

Two alternative currency clauses, approved by Lloyd's Non-Marine Association, are as follows—

"(A) In the apportionment of losses under this policy, \$5 shall be considered as the equivalent of £1 sterling, but in consideration of an additional 3 per cent on the premium paid hereon, the actual payment of losses shall be made at the Exchange of \$4 85 to the £1 sterling."

"(B) This policy is subscribed on the basis of £1 for \$5, but in consideration of an additional on the premium, which is hereby acknowledged to have been received, the underwriters agree to pay claims at the rate of Exchange current in London at the date of remittance."

CURRENCY NOTES.—Currency notes for £1 and 10s were issued by the Treasury on the outbreak of war in 1914. By the Currency and Bank Notes Act, 1914, "currency notes shall be legal tender in the United Kingdom for the payment of any amount" (Section 1, s. 1). "The holder of a currency note shall be entitled to obtain on demand, during office hours at the Bank of England, payment for the note at its face value in gold coin which is for the time being legal tender in the United Kingdom" (Section 1, s. 3). By the Gold Standard Act, 1925, until otherwise provided by Proclamation, currency notes shall be convertible into coin only at the option of the Bank of England.

CURRENCY OF BILL.—This is a commercial term used to signify the period between the date upon which a bill is drawn and that upon which it becomes payable. In the case of a bill at sight (*q.v.*), the currency begins to run from the date of the acceptance of the bill. In the case of a bill drawn after date (*q.v.*), the currency begins to run from the date of the bill.

CURRENT ACCOUNT.—(See BANKING ACCOUNT.)

CURTESY.—This is the name of a peculiar kind of interest which a husband formerly had in the real estate of his deceased wife, supposing the wife died intestate, i.e., without making a will. Tenancy by curtesy is abolished by the Law of Property Act, 1925, increased rights being given to a husband on the death of his wife intestate (*q.v.*).

CUSTODIAN TRUSTEE.—(See PUBLIC TRUSTEE.)

CUSTOM AND USAGE.—There is no doubt that much of the law of England, as is also the case in other countries, is the outcome of customs and usages which came into vogue when the common law (*q.v.*) was as yet unfixed, and custom and usage have played a great part in the moulding of mercantile law (*q.v.*). At the present day the customs

and usages of the different classes of the community have still great weight, and if they can be shown to be of general acceptance amongst the people to whom they refer, judicial notice will be taken of them, and they will obtain the force of law. If a custom is accepted in all parts of the country it becomes a portion of the common law. If it is accepted in a limited locality, it is an exception to the common law. In order to establish a custom it must be shown to be of general force in the locality to which it is endeavoured to apply it, and to have been relied upon and acted upon for immemorial time. A custom must be, as it is said, "a reasonable act, iterated, multiplied, and continued by the people from the time whereof memory serves not," or, in other words, it must be "ancient, reasonable, certain, and have been continually and peaceably enjoyed. No custom will be upheld if it is unreasonable or uncertain, and if there is anything about it which savours of arbitrary power it cannot be maintained. The best illustrations are the customs of gavelkind (*g v*), borough English (*g v*), manors, markets, fairs, etc. No custom, however, can vary or alter any contract evidenced by a document in writing, unless, besides having the necessary ingredients of certainty and immutability, it is one that is well known to all the parties to the contract.

A trade usage is a kind of custom which prevails amongst traders and merchants, and is one of the bases upon which business is conducted. It must be reasonable and not repugnant to the law of the land, but it differs from a custom in this respect, that it does not require the consecration of antiquity. It is sufficient to show that the usage is generally acquiesced in by the vast majority of the persons concerned with it, and if this is proved the usage will be recognised and enforced in a court of law. The chief difficulty in connection with a usage is its proof; but this is a matter of legal practice with which this work has no concern.

CUSTOMER, BANKING.—The most ordinary meaning of this term is a person who has a current account with a bank. By section 82 of the Bills of Exchange Act, 1882, it is provided that where a banker collects a cheque, crossed generally or specially to himself, for a customer, the banker is protected, if he has acted in good faith and without negligence, even if an indorsement should prove to be a forgery. The person for whom it is collected must, however, be a customer. It has been decided judicially that in order to make a person a customer of a bank within the meaning of the section, there must be in existence either a deposit or a current account, or some similar relationship.

When money is paid into a bank by a customer, it is really lent to the banker, and the banker becomes, not the trustee for the money, but the debtor of the customer. If the banker was held to be a trustee, he would be compelled to render an account of all the profits made by him with the moneys deposited at his bank. Such a state of affairs would render modern banking an impossibility. In the event of the banker's failure, the customer claims upon the estate of the banker as an ordinary creditor. As such he has a preference over the shareholders of the bank.

CUSTOM HOUSE.—The place appointed by the Government of a country for the imposition and collection of duties upon the importation of certain commodities, etc.

CUSTOM OF THE PORT.—The practice or habit

in regard to discharge, storage, or loading of goods at a port, *e g*, whether shipowner, dock authority, railway company, or consignee shall provide or pay for labour on board vessel, and on quay, for discharge of goods. The prevailing "custom of the port," though nowhere fully chronicled, is a potent factor in deciding contentious cases at law.

CUSTOMS BILLS OF ENTRY.—Duly lists issued in the United Kingdom under authority of H M Customs (to merchants and others subscribing), containing data relating to shipping at the given ports.

Bill "A" gives a list of vessels reporting inwards, with an abstract of their cargo.

Bill "B" shows the exports, imports, and the movements of shipping, and is often the vehicle by which official Customs notices concerning new duties, altered procedure, etc., are brought before the interested public.

CUSTOMS CLEARANCE.—(See CUSTOMS FORMALITIES.)

CUSTOMS DEBENTURE.—A certificate issued by the officers of Customs that certain goods entitled to drawback have been entered and shipped for exportation. On it the exporter declares, in the presence of the official through whom the money is paid, that the goods have been actually shipped, and are not intended to be re-landed in the United Kingdom, and that he is entitled to the drawback claimed.

CUSTOMS DECLARATION.—The sender of every parcel by post to or from the Channel Islands, any British colony or foreign country, is required to make out a customs declaration on a form provided for that purpose. This form must contain an accurate statement of the nature and value of the contents of the parcel, the date of posting, and the net weight of the articles contained in the parcel. If the parcel is destined to the Continent of Europe, the customs declaration should be filled up in French and English, and accompanied by a dispatch note (*g v*).

CUSTOMS DUTIES.—(See CUSTOMS FORMALITIES.)

CUSTOMS ENTRY.—A list given to the Customs authorities by the importer or shipper, showing the weight, value, and description of goods to be landed or shipped. (See ENTRY.)

CUSTOMS FORMALITIES.—For the purpose of Government statistics (Board of Trade Returns), all goods, whether exports or imports, have to be declared by stating quantity and value. The returns are made to H M Customs at the port of export or import. Descriptions and quantities of goods must be given on all import and export entries in accordance with the current import and export list, which may be purchased through any bookseller.

For Customs purposes, goods are classified primarily as free goods and dutiable goods. In the case of free exports, the necessary documents have to be lodged within six days of the clearance of the vessel, whilst, in the case of dutiable exports, particulars have to be given to the Customs officials at time of shipment. Imports have to be declared and duty, if any, paid before the Customs will release the goods, so that delivery can be taken of them.

In treating with the Customs, special forms are required to be used, and these can usually be obtained from a specified law stationer at the port, but a list is invariably exhibited at the Customs House stating where the forms can be obtained and the prices of them.

*** SPECIFICATION for British and Irish Goods only.**

Port of Liverpool

Ship's Name Ranger

C. James, Master, for Hong Kong

Date of Final Clearance of Ship

* The Specification of Goods exported must be delivered to the proper Officers of Customs within six days from the time of the final clearance of the Ship, as required by the Customs Laws

Marks.	Nos.	Number and Description of Packages.	Quantity and Description of British and Irish Goods, in accordance with the requirements of the Official Export List	Yards	T	C	Q.	Pounds	Value* (f. o. b) £	Final Destination of the Goods
A B	28	1 Case	Grey Cotton Yarn					660	48	China
TOTAL ..										

* The "f. o. b.," or free on board, value should be given.

I declare that the particulars set forth above are correctly stated.

(Signed) *Smith & Barlow, Agents,*
A. Firth.

Per

Dated

(Countersigned)
Officer of Customs.

*** SPECIFICATION for Foreign Goods free of Duty, or on which all Duties have been paid.**

Port of Liverpool

Ship's Name Ranger

C. James, Master, for Hong Kong

Date of Final Clearance of Ship

* The Specification of Goods exported must be delivered to the proper Officers of Customs within six days from the time of the final clearance of the Ship, as required by the Customs Laws.

Marks	Nos	Number and Description of Packages	Quantity and Description of Foreign Goods, in accordance with the requirements of the Official Import List	Country whence Goods were consigned when imported	Value* (f. o. b) £	Final Destination of the Goods
C D	3/4	2 cases	Flour	336 lbs	25/-	China
TOTAL ..						

* The "f. o. b.," or free on board, value should be given.

I declare that the particulars set forth above are correctly stated.

(Signed)
Smith & Barlow
Per *A. Firth,*

Dated

(Countersigned)
Officer of Customs

For the purpose of simplifying matters, these Customs formalities may be divided into two headings, viz: "Exports" and "Imports"

Exports. No export duties are levied on goods shipped from the United Kingdom

Free Goods are divided into two classes, viz: British goods and foreign goods

When declaring free goods, the form used is known as a "specification," and in the case of British exports is a white form

For example, in the case of a package containing British manufactured yarn being shipped from Liverpool to China, the particulars given and the form of specification would be as shown on page 520.

When foreign free goods are declared, a specification slightly different in form from that of the ordinary form is used, and is of pink colour

The definition given would apply in regard to manufactured goods arriving at London from America. After a time it is found necessary to ship the goods from, say, Glasgow to Australia. It is understood, of course, that no alteration in the character of the goods takes place. On p. 520 is given the form of specification for foreign goods which would be used in all cases of this kind

The following goods are not allowed to be exported from Great Britain except under special conditions, viz—

British or Irish Spirits in casks containing less than 9 gallons each

Explosives (according to Explosives Act, 1875).

Salmon (according to Salmon Fishing Acts)

Tobacco is allowed to be shipped only at a port or place which is approved by the Customs for importation

Arms, Ammunition, Gunpowder, and Military and Naval Stores are not allowed to be exported

Dutiable Exports. When certain kinds of dutiable goods are exported (excise or import duty having been paid), the Customs allow a refund of the duty or portion of the duty which has been paid, providing the goods are produced and proof lodged with them that the merchandise has actually been shipped as stated, this refund is called "a drawback." Previous to shipment a shipping bill and a claim for drawback have to be lodged, and, if necessary, the bill of lading must be produced

A form of shipping bill is given on p. 526. Drawback is allowed upon the following goods and to the extent noted—

	Rate of Drawback			
	(a) Full	(b) Preferential		
	£	s	d	s
<i>Ad valorem</i> Articles whereon <i>ad valorem</i> duty was paid on import	Duty paid allowed			
<i>Beer</i> Exported as merchandise or for ship's stores after previous importation. This includes removal to the Isle of Man. Of an original specific gravity of 10550. For every 36 gall	5	1	1	
And so on for any difference of gravity				
<i>Chicory</i> See Coffee				
<i>Cigarettes</i> } See Tobacco.				
<i>Cigars</i>				

	Rate of Drawback			
	(a) Full	(b) Preferential		
	£	s	d	s
<i>Cocoa</i> Exported or for ship's stores where such imported Cocoa has been used in manufacture, in Great Britain or Northern Ireland	Same as original import duty paid			
<i>Coffee</i> Chicory or mixtures of the two Roasted and exported or shipped as ships' stores where import duty has been paid				
(a) Chicory For every 100 lb	14	0	11	8
(b) Coffee For every 100 lb	11	0	9	0
(c) Mixtures For every 100 lb	11	0	9	0
If any substance not ordinarily mixed with Coffee or Chicory be exported	nil.		nil	
<i>Dried Fruit</i> Such as Figs, Fig Cake, Currants, Raisins, etc. Exported or shipped as ships' stores, where in Great Britain or Northern Ireland the above have been used in the manufacture of the export	Equal to the original import duty paid			
<i>Glucose</i> As Sugar				
<i>Hops</i> If exported in the packages in which they were imported. Same as original import duty paid				
<i>Key Industry Goods</i> Same as original import duty paid				
<i>Lace and Embroidery</i> Same as original import duty paid				
<i>Molasses</i> Produced by a refiner in Great Britain or Northern Ireland from imported sugar for use of a distiller or for food for stock solely	2	7	1	7½
For every cwt				
Other than above See Sugar				
<i>Motor Vehicles</i> See Ad Valorem				
<i>Musical Instruments</i> See Ad Valorem				
<i>Saccharin</i> Used in the manufacture of goods other than Beer See Sugar				
<i>Silk and Artificial Silk</i> On which it is shown to the satisfaction of the commissioners that duty has been paid in respect of the articles or of the material from which the articles were made, and that the articles have not been used or, in the case of articles of clothing, that they have not been used otherwise than as models for trade exhibition—upon being exported as merchandise or shipped for use as ships' stores—				
CLASS I On any of the following articles produced in Great Britain or Northern Ireland				
<i>SILK</i>				
Noil yarn . . . per lb	0	1	5	
Thrown yarn not wholly discharged . . . per lb.	0	3	9	
Thrown yarn and spun yarn wholly discharged . . . per lb	0	4	1	

<i>Tissue</i> —	Rate of Drawback				
	(a) Full		(b) Preferential.		
	£	s	d	s	d
Not wholly discharged „	0	4	3		
Wholly discharged if proved to the satisfaction of the Commissioners to have been produced from imported undischarged tissue per lb	0	7	9		
<i>Tissue</i> known as <i>habutai</i> if dyed or printed in Great Britain or Northern Ireland per lb	0	7	9		
Noil tissue „	0	1	7		
In any other case „	0	5	6		

ARTIFICIAL SILK

Singles yarn made from staple fibre or other waste per lb 0 0 9

Doubled or twisted thread advanced beyond the stages of singles yarn —

If made from staple fibre, or other waste per lb 0 0 10

In any other case „ 0 1 7

Tissue made from staple fibre or other waste per lb 0 0 11

Tissues proved to the satisfaction of the commissioners to be made from other forms of artificial silk per lb 0 1 9

The above drawback rates for artificial silk are payable whether Customs or Excise Duty has been paid in respect of the artificial silk, but where special application has been made to the commissioners for the grant of alternative rates of drawback, the following rates of drawback in respect of yarns and tissues of artificial silk will have effect subject to conditions imposed by the commissioners, in respect of material contained in the goods being material on which the *Customs* duty has been paid—

<i>Singles yarn</i> made from staple fibre or other waste per lb	0	1	2
<i>Doubled or twisted thread</i> , advanced beyond the stages of singles yarn Made from staple fibre or other waste per lb	0	1	3
Made from singles yarn „	0	2	3
<i>Tissues</i> Made from staple fibre or other waste per lb	0	1	4
Made from singles yarn „	0	2	4

CLASS II

Goods not previously specified which are made wholly or in part of silk or artificial silk, and which are shown to be in such form and state that if duty had not been paid they would be liable to the same rate of duty as that at which they or their components have already been charged

CLASS III

Made up articles consisting wholly or partly of silk or artificial silk

(a) If exported in the form and state in which they were imported

Equal to the amount of duty payable on the same weight of the like goods

Equal to the amount shown to the satisfaction of the commissioners to have been paid as duty on the importation of the article

(b) If manufactured in Great Britain or Northern Ireland from silk or artificial silk

Sugar Which has passed a refinery in Great Britain or Northern Ireland, and whereon the proper Import duties have been paid —

On exportation, shipment for use as ship's stores, and deposited in any bonded warehouse or removed to the Isle of Man

Goods exported, or as ship's stores, or removed to the Isle of Man, manufactured from imported duty-paid Glucose, Saccharin, Sugar or Molasses —

Respecting the quantity of Sugar, etc., so used

Tea Blended by the exporter. Upon being exported, or shipped for use as ship's stores, or deposited in a warehouse for use as ship's stores, or exported by parcel post

Tobacco Where Customs duty on importation has been paid

Exported or shipped as ship's stores—

(a) Cigarettes For every lb 9 1
(b) Cigars For every lb 9 3 1
(c) Other For every lb 8 10
(d) Snuff, except offal For every lb 8 7
(e) Refuse put in bond or for abandonment in the King's Warehouse For every lb 8 4 1 1/2

In order to verify any particulars given when clearing goods, the Customs authorities are empowered by law to call upon the exporter to produce invoice or other proof appertaining to the description, quantity, value, or origin of the goods. If any discrepancy or inaccuracy is then discovered it is optional for the Customs to inflict a fine of not exceeding £5 for each offence.

Within six days after the final clearance of a vessel the master, owner or agent thereof must lodge with the Customs a manifest of the cargo for which no bond was required at shipment. The document is in the form shown on p 524 and is used for comparison with the specifications, and, as in the case of when an invoice has been produced, any discrepancy found makes the responsible party liable to the fine as mentioned previously.

Production of the manifest may be dispensed with if a declaration is handed in with specifications, stating that they contain a true account of all the shipped goods for which no bond is required

Rate of Drawback

Equal to the amount payable as drawback in respect of such a quantity of the like silk or artificial silk as, in the opinion of the commissioners, has been used in the manufacture of the articles

Same as import duty on a like polarisation

Same as the Import duty thereon

Equal to the duty paid

	(a) Full			(b) Preferential			
	£	s	d	£	s.	d.	
		9	1				} $\frac{3}{4}$ of full rate.
		9	3½				
		8	10				
		8	7				
		8	4½				

1/2 of full rate.

Imports. *Free Goods* These form the greater proportion of merchandise imported into Great Britain owing, of course, to the fact that this country is a free trade country

Imported goods have to be declared to the Customs on a form known as a free entry, and on p 527 is given a facsimile of one

These free entries must be lodged in duplicate, and each copy must be indelible A separate entry is required in each case for goods coming under the category of corn and grain, farinaceous substances, cattle, and bullion

The following are the chief goods importation of which is prohibited: Books of British copyright (unless the copyright has lapsed), clocks and watches, etc., bearing the British assay marks or purporting to be of British manufacture, false or counterfeit money, same, of course, not being of the British standard, lottery advertisements, dogs, unless licensed, and then only after having had six months in quarantine; infected cattle, indecent or obscene literature and prints, etc., matches made with white phosphorus

Duties. The following list of duties is accurate for the year 1926-7, and the Finance Acts of each year must be watched in order that there may be a true knowledge attained at any subsequent date

	Rate of Duty.			
	(a) Full	(b) Preferential	(a) Full	(b) Preferential
<i>Artificial Silk</i> See Silk				
<i>Beer</i> Including Mum, Spruce, Black Beer, Berlin White Beer, or other similar preparation, whether fermented or not				
For every 36 gallons, whereof the worts are or were before fermentation of a specific gravity—				
(a) Up to 1215°	20	2	0	
(b) Exceeding 1215°	23	11	0	
<i>Beer</i> other than the above				
For every 36 gallons, whereof the worts are or were before fermentation of a specific gravity of 1055°	5	1	4	
and so on in proportion for any difference in gravity				
<i>Blacking</i> Whether liquid or solid, which contains any sweetening matter For every cwt	2	7	1	7½
<i>Brandy</i> See Spirits				
<i>Caramel</i>				
Solid cwt	11	8	7	4½
Liquid cwt.	8	5	5	4
See also Confectionery				
<i>Cards</i> Playing For every twelve packs	3	9		
<i>Chicory</i> (a) Ground or roasted Per lb	2		¾ of full	
(b) Raw or kiln-dried Per cwt	13	3		rate
<i>Chloral Hydrate</i> For every lb	1	9		
<i>Chloroform</i> For every lb	4	4		
<i>Chutney</i> For every cwt	5	4	3	4½
<i>Cigarettes</i> For every lb	12	7	¾ of full	
<i>Cigars</i> For every lb	15	7		rate
<i>Cinematograph Films</i> Imported for the exhibition of pictures and other optical effects by a cinematograph or similar machine For every linear foot of standard width of 1½ in				

	Rate of Duty			
	(a) Full	(b) Preferential	(a) Full	(b) Preferential
(a) Blank, viz., whereon no picture is impressed and known as raw film or stock			½	
(b) Negatives, viz., containing a photograph from which positives may be printed			5	¾ of full rate
(c) Positives, viz., containing a picture ready for exhibition			1	
Clocks, watches, and component parts			of the value	
<i>Cocoa.</i> (a) Pure For every cwt	14	0		¾ of full rate.
(b) Butter For every lb	1½			
(c) Husks and shells For every cwt	2	0		
(d) Preparations of Cocoa, etc			Charged under s 7, Finance Act, 1901	
<i>Coco-nut</i> Preserved, such as candied For every cwt	5	4	3	4½
<i>Coffee</i> (a) Raw For every cwt	14	0		
(b) Kiln-dried, roasted or ground For every lb	2			¾ of full rate
<i>Coffee</i> and <i>Chicory</i> , roasted and ground Mixed per lb	2			
<i>Collodion</i> For every gallon	1	14	11	
<i>Condensed Milk</i> Sweetened Per cwt	5	4	3	4½
<i>Confectionery</i> (1) Fig. For every cwt	8	5	4	6
(2) Hard (e.g., Caraway Seeds) For every cwt	11	8	7	4½
(3) Soft See Gums				
See also Caramel, Chutney, Coco-nut, Dried Fruits, Fruit, Ginger, Gums, Marmalade, Marzipan, Jam, Milk, Peel, Petals of Flowers, and Tamarinds				
<i>Cordial</i> See Spirits				
<i>Currants</i> See Dried Fruit, below				
<i>Cutlery</i> (Knives, Scissors, Razors), <i>ad valorem</i>	33½%			¾ of full rate.
<i>Dried Fruit</i> Or otherwise preserved without sugar				
(1) Currants For every cwt	2	0		Free
(2) Figs and Fig Cake, Plums (French), Prunellos, and Raisins For every cwt	7	0		Free
<i>Ether</i> Acetic For every lb	2	7		
Butyric For every gall	1	1	10	
Sulphuric For every gall	1	16	6	
<i>Ethyl</i> Bromide For every lb	1	5		
Chloride For every gall	1	1	10	
Iodide For every gall	19	0		
<i>Figs</i> (1) Confectionery For every cwt	8	5	4	6
(2) Dried or otherwise preserved without sugar. For every cwt	7	0		Free.
<i>Films</i> See Cinematograph Films				
<i>Fruit</i> (1) See Dried Fruit				
(2) Confectionery (a) Preserved in sugar and not liable to duty as such Canned or				

PORT OF Liverpool.

Customs Manifest of the Ranger
for Hong Kong

Master C. James

cleared

Number of Bill of Lading.	Shippers.	Marks and Numbers	Number and Description of Packages.	Weight of Goods in Bulk.		
				Tons	Cwts	Lbs
1	A Claude & Co C. Duncan & Son	A B 28 C D 3/4	1 case Cotton Yarn 2 " Flour		5	3
2					3	16

I/We declare the above to be a correct account of the Cargo in accordance with the provisions of "The Revenue Act, 1884"
(Signed) *Smith & Barlow*
A Firth

	Rate of Duty			
	(a) Full		(b) Preferential	
	s	d	s	d.
bottled in THIN syrup, including	2	7	1	7½
Pineapples For every cwt				
Canned or bottled in THICK	6	10½	4	4½
syrup For every cwt				
Crystallised, Glacé, or Metz	11	8	7	4½
For every cwt				
Drained	7	0	4	5
Fruit Pulp in THIN syrup.				
For every cwt	2	7	1	7½
Fruit Pulp in THICK syrup				
For every cwt	8	5	5	4
(b) Fruit liable to duty as				
such—				
Crystallised, Glacé, or Metz,	11	8		
or in pulp, including Jam or		(See note*)		
Fruit jellies and canned or	11	8	7	4½
bottled, in syrup For every				
cwt				
Imitation (whether crystallised				
or not) For every cwt.	11	8	7	4½
Geneva See Spirits				
Ginger Preserved in syrup	8	5	5	4
or Sugar. For every cwt				
Gloves of Leather or Fur and	33½%		½ of	
fabric gloves. ad valorem			full	
Glucose Liquid For every			rate.	
cwt	5	4	3	4½
Solid For every cwt	7	5	4	8½
See also Preferential Rates				
Gums Viz, Soft Confection-				
ery				
A.B imported in bulk, in				
barrels or cases Per cwt	5	4	3	4½
Where exceptional regulations				
apply, including Turkish De-				
light, etc For every cwt	8	5	5	4
Hops; For every cwt	4	0	0	½ of
				full
				rate
Jam: See Fruit				
Key Industry Goods See				
special article on p 528				
Lace and Embroidery, ad	33½%		½ of	
valorem.			full	
Licorice. For every cwt.	3	9	2	4½
Liqueurs: See Spirits.				
Maniles: incandescent The	6	0	½ of	
gross			full	
Maniles Hose: for manufac-	4	6	rate	
turing Per lb.				
Marmalade. If not made				
from Fruit liable to duty as				
such For every cwt	8	5	5	4
Marrigan For every cwt	6	10½	4	4½
Matches. Of all descriptions—				
(1) On any number in a box				
not exceeding 80 For every	5	2		
standard gross of 10,000 matches				
(2) On any number in a box				
exceeding 80 For every stand-				
ard gross of 10,000 matches	3	5		
Methyl Alcohol See Spirits				

* The fruit ingredient in sugar goods entitled to preference, e.g. fruit preserved in sugar, jam, etc., is not liable to duty. The goods themselves are chargeable with sugar duty at the preferential rate shown against the corresponding headings for "Fruit not liable to duty as such"

	Rates of Duty				Rate of Duty.			
	(a) Full		(b) Preferential		(a) Full		(b) Preferential	
	£	s	d	s	£	s	d	£
<i>Milk Powder</i> (a) Subject to certain conditions For every cwt.	4	3	2	8½	1	0		
(b) Other than (a). For every cwt.	9	7	6	1	2	0		
<i>Molasses</i> And invert Sugar, and all other Sugar and extracts therefrom which cannot be completely tested by the Polarscope and on which duty is not otherwise charged—								
If containing 70% or more of sweetening matter Per cwt.	7	5	4	8½				
Less than 70%, but more than 50% Per cwt.	5	4	3	4½				
Not more than 50%, Per cwt.	2	7	1	7½				
<i>Motor Vehicles</i> . Of all descriptions and accessories and component parts, excepting of such tyres	½ the value			¾ of full rate				¾ of full rate.
<i>Musical Instruments</i> . Including Gramophones, Pianolas, etc., and any accessories or component parts	½ the value			¾ of full rate				
<i>Naphtha</i> See Spirits								
<i>Paper</i> packing, wrapping and tissue, weighing more than 10 lb. and not more than 90 lbs per ream <i>ad valorem</i>	16½%			¾ of full rate				
<i>Peel</i> . Candied or Drained For every cwt.	8	5	5	4				
<i>Petals</i> And Flowers crystallised as fruit For every cwt.	11	8	7	4½				
<i>Pianolas</i> . See Musical Instruments (above)								
<i>Playing Cards</i> . For every twelve packs	3	9						
<i>Plums</i> : See Dried Fruit								
<i>Prunellos</i> : } See Dried Fruit								
<i>Prunes</i> : } See Dried Fruit								
<i>Pulp</i> See Fruit								
<i>Raisins</i> . See Dried Fruit								
<i>Rum</i> . See Spirits								
<i>Saccharin</i> : And Mixture containing Saccharin or other similar substance For every ounce.	3	9	2	4½				
<i>Silk and Artificial Silk</i> —								
<i>Silk</i>								
<i>Cocoons and waste</i> of all kinds—								
Undischarged Per lb.	1	0						
Wholly or in part discharged other than noils Per lb.	3	0						
Noils Per lb.	1	0						
<i>Raw</i>								
Undischarged Per lb.	3	0						
Wholly or in part discharged Per lb.	4	4						
<i>Yarn</i>								
Undischarged Per lb.	4	8						
Wholly or in part discharged Not being noil yarn Per lb.	6	8						
Noil yarn Per lb.	1	5						
<i>Tissues</i> :								
Undischarged Per lb.	5	3						
Wholly or in part discharged—								
Noil tissue Per lb.	1	7						
Tissue known as habutai not dyed or printed Per lb.	6	6						
Other tissues Per lb.	7	9						
<i>Artificial Silk</i> —								
Waste. Per lb.								
Single yarns and straw Per lb.								
Doubled or twisted thread advanced beyond the stages of single yarns Per lb.								
Tissues Per lb.								
Any other Articles Made Wholly or in Part of Silk or Artificial Silk—								
Where the article is made wholly of silk or artificial silk, or where the value of the silk or artificial silk component exceeds 20% of the aggregate of the values of all the components of the article <i>Ad valorem</i> Per lb.					38½%			
Where the value of the silk or the artificial silk component exceeds 5%, but does not exceed 20% of the aggregate of the values of all the components of the article <i>Ad valorem</i> Per lb.					10%			
Where the value of the silk or artificial silk component does not exceed 5% of the values of all the components of the article <i>Ad valorem</i> Per lb.					2%			
<i>Snuff</i> : See Tobacco								
<i>Spirits</i> For every gallon computed at hydrometer proof (except perfumed spirits), including Methylic Alcohol and Naphtha purified so as to be potable, and mixtures and preparations containing spirits								
Enumerated								
Brandy } in casks								
Rum } per proof gall	3	15	4		3	12	10	
Imitation Rum } per proof	3	15	5		3	12	11	
Geneva } gall.								
Unenumerated—								
Sweetened	3	15	11		3	13	3	
Spirits not elsewhere mentioned in this column For every gall	3	15	5		3	12	11	
Additional, if—								
(1) Warehoused for less than two years or not at all For every proof gall					1	6	1	6
(2) Warehoused for two years but not for three years. For every proof gall					1	0	1	0
<i>Liqueurs, Cordials, etc.</i> In bottle, containing spirit, and entered so as to indicate that the strength is not to be tested For every gall	5	2	5		4	19	1	
Additional								
(1) Warehoused for less than two years or not at all For every gall					2	0	2	0
(2) Warehoused for two years but not three years For every gall					1	4	1	4
<i>Perfumed Spirits</i> For every gall Casks	6	0	0		5	16	0	

Port of *Liverpool*.

* Erase
the words
that do
not apply }

SHIPPING BILL FOR ***DRY**
WET GOODS AS MERCHANDISE.

Under Inland Revenue Bond.	Under Customs Bond.
Collection	Warehouse
District	
Station	Number
Date	Month and Year 19

Export
Ship } *Brakhan*Master *R Rand*for *Lagos*

Entered Outwards

Bond given

Station

Lighterman

Conveyance

Carman

R. Robert & Co, Exporters or Agents*Pierhead, Liverpool* Address

Shipping Marks and Numbers, and Final Destination	Number of Packages	Description of Packages.	Description of Goods	Quantity				Country whence goods were consigned when imported	Rate drawback (if any) claimed	Value £
				Wet Goods	Dry Goods					
				Gallons, etc	cwts	qrs	lbs			
× ×	1	Case	N B —These goods must be produced to the Customs Officer at time of Ship- ment. <i>Tobacco O S.</i>		1	0	20	<i>America</i>		25
* Officer.										
..... Date.										
* For Goods ex Customs Warehouse at Port of Shipment the Shipping Bill must be signed by the Officer in charge of the Accounts.										

We declare that the quantity, description, and value of the goods entered in this Shipping

Bill are correctly stated.*

*further declare that the goods are of British manufacture,**and claim Drawback on**R. Robert & Co.*, Exporter or AgentReceived the above-mentioned packages on board }
this Ship*T. Kolman*, Master or Mate..... { Countersignature of
Officer of Customs.Particulars of Examination }
and Certificate of Shipment }
to be inserted here.

Export Examining Officer

N B.—The Lightermen or Carman are particularly required to give immediate notice to the Export Examining Officer if any of the above-mentioned Goods be shut out of the Vessel, and on no account to take them to any other Ship than the one above-named without his permission.

CUS]

AND DICTIONARY OF COMMERCE

[CUS

Collector's No. and Date

ENTRY FOR FREE GOODS.

This space is for the use of the officers of Customs	Port of <i>Liverpool</i>		Date of Report.		Port or Place of Shipment of Goods <i>Calais</i>
	Dock or Station <i>Queensbury</i>		Rotation No		
	Importer's Name <i>R Green & Co</i>		Master's Name. <i>R Har</i>		
Examination	Shp's Name <i>Hodder</i>	No of Packages and Description of Goods in accordance with the Official Import List	Quantity	Value £	Name of place whence goods consigned
	Marks and Nos. <i>E F</i>	<i>Twenty cases Printing Paper, unprinted, not on reels</i>	<i>35 cwt</i>	<i>33</i>	<i>France</i>
<p>I enter the above Goods as free of Duty, and declare the above particulars to be true</p> <p>Dated this _____ day of _____ } (Signed) <i>R Green & Co</i> <i>J Jones</i> <i>Importer or his Agent</i></p>					

* (1) In the case of goods which are invoiced at a quoted price, the value to be stated in the Customs Entry should be the prime cost with the freight and insurance added (i.e. C.I.F. value).

(2) When the goods are consigned for sale, the value to be given should be the latest sale value of such goods

	Rate of Duty						Rate of Duty					
	(a) Full.			(b) Preferential			(a) Full.			(b) Preferential.		
	£	s	d	£	s	d	£	s	d	£	s	d
<i>Additional</i>												
(1) Warehoused for less than two years or not at all For every gall . . .	2	5		2	5					8	2½	
(2) Warehoused for two years but not three years For every gall . . .	1	7		1	7					9	1	
NOTE.—When above rates are stated to be for casks, the rates for bottles are 1s per gallon higher.												
Specially low rates are quoted for compounds containing a proportion of spirit if to be used medicinally												
<i>Spruce</i> See Beer												
<i>Strong Waters</i> See Spirits												
<i>Sugar</i> Where it does not exceed 76° of Polarisation (<i>Per cwt</i>) . . .												
Exceeds 76° but not 77° . . .	5	7-0		3	6½							
" 77° " 78° . . .	5	9-4		3	7-9							
" 78° " 79° . . .	5	11-6		3	9-3							
" 79° " 80° . . .	6	1-9		3	10-8							
" 80° " 81° . . .	6	4-1		4	0-1							
" 81° " 82° . . .	6	6-4		4	1-6							
" 82° " 83° . . .	6	8-6		4	3-0							
" 83° " 84° . . .	6	10-8		4	4-4							
" 84° " 85° . . .	7	1-4		4	6-1							
" 85° " 86° . . .	7	3-9		4	7-6							
" 86° " 87° . . .	7	6-4		4	9-2							
" 87° " 88° . . .	7	8-9		4	10-8							
" 88° " 89° . . .	7	11-7		5	0-6							
" 89° " 90° . . .	8	2-5		5	2-3							
" 90° " 91° . . .	8	5-9		5	4-5							
" 91° " 92° . . .	8	9-2		5	6-6							
" 92° " 93° . . .	9	0-6		5	8-7							
" 93° " 94° . . .	9	4-0		5	10-9							
" 94° " 95° . . .	9	7-3		6	1-0							
" 95° " 96° . . .	9	10-7		6	3-1							
" 96° " 97° . . .	10	2-0		6	5-2							
" 97° " 98° . . .	10	5-4		6	7-4							
" 98° " . . .	10	8-8		6	9-5							
" 98° " . . .	11	8-0		7	4½							
<i>Sugared Almonds</i> : For every cwt . . .												
<i>Syrup</i> See Molasses	8	5		5	4							
<i>Tamarinds</i> Preserved in syrup. For every cwt. . .												
<i>Tea</i> : For every lb. . .	0	4										
<i>Tobacco</i> : Cigarettes For every lb. . .	12	7										
Cigars. For every lb. . .	15	7										
Cavendish or Negrohead Per lb. . .	11	10½										
Cavendish or Negrohead manufactured in bond. For every lb. . .	10	4½										
Other manufactured tobacco For every lb . . .	10	4½										
Snuff containing (a) more than 13 lb of moisture in every 100 lb. For every lb . . .	9	9½										
(b) Not more than 13 lb of moisture in every 100 lb For every lb . . .	11	10½										
Stripped or Stemmed (a)												
Containing 10 lb or more of moisture in every 100 lb For every lb . . .										8	2½	
(b) Containing less than 10 lb of moisture in every 100 lb For every lb . . .										9	1	
Unstripped or Unstemmed and not manufactured (a) Containing 10 lb or more of moisture in every 100 lb . . .										8	2	
(b) Containing less than 10 lb of moisture in every 100 lb.										9	0½	
<i>Watches</i> Or any accessories or component parts . . .										½ the value		¾ of full rate
<i>Wine</i> Not exceeding 30° of Proof Spirit For every gall . . .										2	6	1 6
Exceeding 30° but not 42° of Proof Spirit For every gall . . .										6	0	2 0
<i>Additional</i>												
For every degree and/or fraction beyond the highest above charged For every gall . . .										6		2
<i>Additional.</i>												
Sparkling, in bottle. For every gall . . .										12	6	6 3
Still, in bottle For every gall . . .										2	0	1 0
KEY INDUSTRY DUTY.												
Under the Safeguarding of Industries Act, 1921, and the Finance Act, 1926, a Key Industry Duty of 33½% (except where otherwise stated) is payable in respect of the following articles—												
<i>Optical glass</i> and optical elements, whether finished or not, microscopes, field and opera glasses, theodolites, sextants, spectrosopes and other optical instruments and component parts thereof <i>Ad valorem</i> . . .										Rate of Duty. (a) Full	(b) Preferential.	
										50%	Free	
<i>Bakers</i> , flasks, burettes, measuring cylinders, thermometers, tubing and other scientific glassware and lamp-blown ware, evaporating dishes, crucibles, combustion boats, and other laboratory porcelain										33½%	Free	
<i>Galvanometers</i> , pyrometers, electroscopes, barometers, analytical and other precision balances, and other scientific instruments, gauges and measuring instruments of precision of the types used in engineering machine shops and viewing rooms, whether for use in such shops or rooms or not, and component parts of such instruments . . .										33½%	Free	
<i>Wireless valves</i> and similar rectifiers, and vacuum tubes . . .										33½%	Free.	

ENTRY FOR HOME USE EX-SHIP.

Port of } *Luerpool*
 Importation }
 Name and Address of } *J Thom & Co*
 Merchant paying the Duty }
 (If Post) Prime Entry No dated 19
 Dock or Station

Ship's Name	Date of Report	Master's Name	Port or place of Shipment of Goods.					
<i>Header</i>		<i>R. Har.</i>	<i>Hamburg</i>					
Marks and Numbers.	Place and Country of destination in United Kingdom for Unmanufactured Tobacco and Spirits only	Number of Packages and Quantity in Words and Description of Goods in accordance with the Official Import List.	Name of place whence Goods consigned.	Quantity in Figures	* Value £	£	s	d
XY		Two hundred bags <i>Refined Sugar, O S, ex 980</i>	<i>Germany</i>	200 <i>cans.</i>	190	116	13	4
Total amount of Duty payable on this Entry £								

I declare the above particulars to be true.

(Signed) *J Thom & Co*
R Richards

Importer or his Agent

Date

Collector's No and Date.

- { (1) In the case of goods which are invoiced at a quoted price the value to be stated in the Customs Entry should be the prime cost with the freight and insurance added ("c.i.f." value)
 • (2) When the goods are consigned for sale, the value to be given should be the latest sale value of such goods.

BILL OF SIGHT. (Front.)

Port of *Liverpool*

Importer

Wharf, Dock, or Station	Ship's Name	Whether British or Foreign, if Foreign, the Country.	Master's Name	Port or Place from whence Imported	Name of Importer or of his Agent
<i>Queensbury</i>	<i>Hodder</i>	<i>British</i>	<i>R Har</i>	<i>Calais</i>	<i>R. Green & Co</i>

Marks	Numbers	Name of Place whence Goods consigned	Number of Packages, with the best Description of the Goods the Importer is able to give
<i>G H</i>	<i>4</i>	<i>France</i>	<i>One case Tea</i>

I, *J. Jones*, *Agent* of the Goods above-mentioned do hereby declare that I have not (or that to the best of my knowledge he has not) received sufficient Invoice, Bill of Lading, or other advice from whence the Quantity, Quantity, or Value of the Goods above-mentioned can be ascertained.

Dated this

day of

(Signed) *R Green & Co*
J. Jones
Importer or his Agent

(Signed)
Collector

	Rate of Duty			Rate of Duty.	
	(a) Full	(b) Preferential		(a) Full	(b) Preferential
<i>Ignition magnetos</i> and permanent magnets	33½%	Free.	products imported for their manufacture), analytical reagents, all other fine chemicals (except sulphate of quinine of vegetable origin) and chemicals manufactured by fermentation processes	33½%	Free.
<i>Arc-lamp carbons</i> Per lb. .	1 0	Free			
<i>Hosiery latch needles</i> .	33½%	Free			
<i>Metallic tungsten</i> , ferro-tungsten, and manufactured products of metallic tungsten, and compounds (not including ores or minerals) of thorium, cerium and other rare earth metals	33½%	Free			
<i>Amorphous carbon electrodes</i>	33½%	Free			
<i>Molybdenum</i> , ferro-molybdenum, and molybdenum compounds, vanadium, ferro-vanadium, and vanadium compounds, but not including ores and minerals of molybdenum or vanadium	33½%	Free	Preferential Rates. (Conferring a preference in the case of Empire products)		
<i>All synthetic organic chemicals</i> (other than synthetic organic dyestuffs, colours, and colouring matters imported for use as such, and organic intermediate			The duties of Customs on certain important classes of goods are to be charged at the reduced rates shown in the tables of import duties, where the goods are shown to the satisfaction of the Commissioners to have been consigned from and grown, produced, or manufactured in the British Empire		
			When full particulars of the goods are known by the consignee, that is to say, the exact description as required by the Customs, the form is lodged in duplicate (See page 529)		
			After duty has been paid in this manner, the goods are examined by a Customs officer, and if the details		

BILL OF SIGHT. (Back.)

Port of Importation *Liverpool*, Dock or Station *Queensbury*Importer's Name } *R Green & Co*

and Address }

Ex *Hodder* @ *Calais*Date of Report and
Customs Rotation NoIn *full* of Sight

Marks	Numbers, &c	Number of packages, quantity and description of goods, in accordance with the requirements of the Official Import List	* Destination	Value	Duty		
					£	s	d
<i>G H</i>	<i>4</i>	<i>One case Tea, containing Fifty lbs net</i>		<i>£3</i>		<i>16</i>	<i>8</i>

Certified correct,

...
Surveyor

... .. Date

To the Surveyor,

Sir,

I request an extension
of time fromto in order
to perfect sight pro

* Place and Country of destination in United Kingdom to be shown for Spirits and unmanufactured Tobacco only

N B —The usual declaration must be added in MS This form is to be adapted for Free or Warehousing Entry

BAGGAGE SUFFERANCE INWARDS.

Port of *Liverpool*Ship's
Rotation No. }Importer *R Green & Co*

Wharf, Dock, or Station	Ship's Name	Master	Port or Place whence imported
<i>Queensbury</i>	<i>Hodder</i>	<i>R Har</i>	<i>Calais</i>
Marks and Numbers	Number and Description of Packages and Goods		
<i>K M</i>	<i>1 case Private Effects</i>		

The above-mentioned goods may be landed and examined The particulars of examination are to be recorded hereon Care is to be taken that duty is paid on any dutiable goods, if, however, the packages contain any such goods concealed, or any prohibited goods, they will be liable to seizure

Dated this day of

19 ..

... .. pro Collector.

given tally with the result of this examination, the goods are released. On the other hand, if a discrepancy (shortage) is found on examination, the goods are detained until such time as the extra amount of duty has been paid. A similar form to the above is used, but reference to the original entry is made in the space provided. This is known as making a Post Entry. In the event of the duty being overpaid, the Customs advise payee of the fact in due course by issuing an "Over Entry Certificate," and he should then attend at the Custom House in order to obtain refund.

In many instances, the necessary particulars for the payment of the duty cannot be given by the importer, in which case a Bill of Sight is requisitioned. This form is lodged at the Custom House, and the Customs officers then examine, test, weigh, or measure the goods in order to assess duty.

The consignee thereupon attends at the Custom House, and the particulars as disclosed by the examination are supplied to him, duty being then paid according to the assessment. A Bill of Sight is a double-sided document, and, first lodged with the Customs, only one side can be used. (See p. 530.)

When paying the duty, the document is completed by inserting on the other side the particulars of assessment arrived at by the Customs. (See p. 531.) This process is called perfecting the bill of sight.

It sometimes occurs that a package contains free goods and dutiable goods. If the exact contents are known, the duty may be paid on the ordinary form of prime entry, and a free entry is required for the free goods.

Personal Effects. These not being merchandise, and, therefore, returns not being required for Board of Trade purposes, are consequently treated apart from other goods. In order to clear private effects, the form used is the Baggage Sufferance, as given on p. 531.

The only description necessary is "Private Effects," and no further particulars whatever are required. Private effects include: Used wearing apparel, literature (not new), household furniture, and used personal effects of any description.

If a package described as personal effects contains any dutiable goods, the duty has to be paid, as in the case of ordinary dutiable merchandise. This applies, of course, if the dutiable goods are not concealed with intent to smuggle them, otherwise they are liable to seizure by the Customs officials. Prohibited goods, as previously enumerated, are also liable to be confiscated. Packages containing private effects are in all cases very closely examined by the Customs, and if there are any locked packages, drawers, etc., the keys to open same have to be produced by the owner to facilitate examination.

Any imports for which the entry is not lodged within a reasonable time (usually about fourteen days) are, at the expiration of that period, seized by the Customs authorities and conveyed to the Customs private warehouse, termed the King's Warehouse, and there kept at consignee's sole risk and expense until such time as the necessary entry is lodged to clear the goods. The charges incurred whilst goods are detained in the King's Warehouse are usually rather high, and all charges thus incurred, viz., cost of transport from the discharging berth to the King's Warehouse and rent there, are payable before delivery can be obtained. In the event of goods not being cleared within about six months, they are sold (according to law) by the

Customs authorities, in order to defray the charges incurred whilst the goods have been warehoused, and neither consignees nor shippers have any redress.

Merchandise Marks Act. Goods arriving at any port in Great Britain bearing the name of the consignee, the trade name, or the marks which infer that they are of British manufacture, and which are not indelibly marked or stamped with the name of the country of origin, are stopped by the Customs, and are released only when the required conditions of the Board of Customs are complied with. The method of procedure in the case of: (a) Empty boxes to be filled with matches, etc., tin boxes to be filled with paste, etc., bottles to be filled with liquids, powders, etc., is for the owner to hand to the Customs a letter declaring that the goods are not for sale in their present condition, but are to be filled with goods of British manufacture; (b) Manufactured goods for sale, it is necessary for owner to obtain permission from Customs to allow each article to be marked in clear type and in a conspicuous place, with the country of origin, as, for example "Made in Sweden." An Act of Parliament was passed in 1887, known as the "Merchandise Marks Act, 1887," requiring the foregoing formalities to be observed before delivery can be obtained. For later legislation see MERCHANDISE MARKS ACTS.

Transshipment Goods. The term "transshipment" as here used, refers to goods which arrive from abroad and which are intended to be re-shipped to another country. They may be shipped at port of arrival or may be sent to another port and thence re-shipped.

Free Goods. These are to be declared on the Customs Report as being "in transit." When passing entries, the ordinary free entry form is used, with the words inserted, "In transit for..." and the usual specification form for exports must be lodged when the goods are re-shipped. These regulations also apply to goods arriving at a port, and which are later re-shipped at another port.

Dutiable Goods for Transshipment at Port of Arrival. This traffic has also to be declared on the report as in transit. A bond for about twice the amount of duty has to be signed at Custom House by two persons, as private individuals and not on behalf of a firm, and who are householders. A transshipment bond warrant must also be lodged in the form shown on page 533.

When the bond has been signed, the usual form of shipping bill and also a transshipment delivery order are required to be lodged. The following is a transshipment delivery order—

TRANSHIPMENT DELIVERY ORDER.

To the Officer of Customs on board the
Master @

Send in charge of an Officer to be delivered into the custody of the proper Officers at for transshipment only on board the
for

Marks	Nos.	Description of Goods.
G A	1	1 case Whiskey

[CUS]

AND DICTIONARY OF COMMERCE

[CUS]

ENTRY FOR WAREHOUSING.

Port *Liverpool*
 Dock or Station *Queensbury*
 Importer's Name *R Green & Co*

Ship's Name.		Date of Report.	Port or Place whence		
<i>Hodder</i>			<i>Calais</i>		
Marks and Nos	No of Packages	Description of Goods in accordance with the Official Import List.	Name of place whence Goods consigned	Quantity	Value £.
<i>N O 1/8</i>	<i>8</i>	<i>Cases Coffee Roasted and Ground</i>	<i>France</i>	<i>8 cwt</i>	<i>48</i>

I enter the above Goods to be Warehoused in _____ Warehouse, and declare the above particulars to be true

Dated this _____ day of _____ 19 _____
 { (Signed) *R Green & Co*
J. Jones
 Importer or his Agent

BOND NOTE FOR TRANSHIPMENT AND EXPORTATION.

Port of *Liverpool* BOND OFFICE, CUSTOM HOUSE.
 day of _____ 19 _____

Marks and Nos	THIS is to certify that <i>B Morrow</i> of <i>Manchester Road, A</i> has given Security as required by Law for the due Transhipment and Exportation of the undermentioned Goods, viz— * <i>N O 1/8 8 cases Roasted and Ground Coffee</i>	Values	
		Duty Goods	Free Goods
		<i>48</i>	

* One article only to be entered on each line. Total Value of Free Goods only £ _____

Amount of Duty £ _____

On board the *Tinswald* for *Canada*
 The above Goods reported day of _____ 19 ..
 ex the *Hodder R Har* Master, @ *Calais*

If under General Ordinary Bond { Here state—
 Name of the proposed Security, Mr. *T Kaffey*
 Address *17, Dorset Gln, Liverpool*
 Date of General Bond
 Signature of Exporter or Authorized Clerk or Agent { *R. Green & Co*
J Jones

Clerk of the Bonds

Bond No

[CUS]

AND DICTIONARY OF COMMERCE

[CUS]

Port of

SHIPPING BILL FOR GOODS AS STORES (Required in Duplicate)

Under Inland Revenue Bond.	Under Customs Bond.
Collection	Warehouse
District	
Station <i>Bristol</i>	Number
Date	Month and Year 19

Export Ship <i>Solmh</i>	Master <i>J Ryan,</i>	for <i>Calcutta,</i>
Entered Outwards	Bond given.....	
Station ..	Lighterman.....	
Conveyance	Carman	
	.....	Exporters or Agents
	.....	Address

Marks, Nos , and Rotation No	Number and Description of Packages	Quantities	Goods	Particulars of Importation
These Goods must be produced to the Officer of Customs at Shipment.				
Y 1	One Case	2 galls	Whiskey	
				*.... Officer
				..... Date
				Searcher.
Total .		Granted		(Out Ports only)

* For Goods ex Customs Warehouse at Port of Shipment, the Shipping Bill must be signed by the Officer in charge of the Accounts

Received the above-mentioned Packages on board }
this Ship, 19 } *J Lipton* { *Master*
 } { *or Mate.*

..... { *Counter-Signature*
 } { *of Officer of*
 } { *Customs*

Particulars of Examination }
and Certificate of Shipment }
to be inserted here.

..... *Export Examining Officer*

N.B.—The Lightermen or Carman are particularly required to give immediate notice to the Export Examining Officer if any of the above-mentioned Goods be shut out of the Vessel, and on no account to take them to any other Ship than the one above-named without his permission

[CUS]

BUSINESS MAN'S ENCYCLOPAEDIA

[CUS]

I. WARRANT.—Dry Goods EXCEPT TEA and TOBACCO, for Home Consumption.

Collector's No.

Date

Warehouse

Number

Month and Year 19..

Ship and date of importation, or }
Customs Rotation and Year } *Paldan*Bonders Name *Palnay & Co.*

Register and Folio.	Number and description of Packages and Goods.	Import		Weight for Duty.
		Marks	Nos	
	<i>One cash Sugar</i>	<i>S</i>	<i>4</i>	<i>2 cwt</i>
				Officer Date

Duty

shillings

pounds

pence

Duty £ : :

*Naples & Co.**3, Warwick Street*

} Name and address of

} Firm paying Duty.

.....
Collector of Customs

II. WAREHOUSEKEEPER'S ORDER.

Warehouse Number

To the Warehousekeeper at *Glasgow*

You may deliver the undermentioned goods, provided that they are actually removed from the warehouse before any addition has been made to the duty chargeable

Month and Year 19

Ship and date of Importation, or }
Customs Rotation and Year } *Paldan*Bonders Name *Palnay & Co*

Number and description of Packages and Goods in words	Import		Date of delivery, to be filed in by the Warehousekeeper
	Marks	Nos	
<i>One cash Sugar</i>	<i>S</i>	<i>4</i>	

{ Name of Firm
paying Duty.....
Officer of Customs

III. MEMORANDUM TO BE RETAINED BY COLLECTOR

Collector's No
and Date.

Station

Paid by

£ s d

.....

Description of Goods

NOTE.—If the Duty is paid on Goods, the Receipt for this Memo is not required, and should be detached.

[CUS]

AND DICTIONARY OF COMMERCE

[CUS]

ENTRY OUTWARDS.

Port of *Glasgow* If { Sailing Vessel
or
Steamer.

Ship's Name and Port of Registry If Foreign, name of Country to which she belongs	Master	Destination.
<i>Summit, Newcastle</i>	<i>T. Thomas</i>	<i>Marseilles</i>

... .. Tons. Men

Last Voyage from *Marseilles*

Lying at... *Newcastle*

Date of Report

Part of inward cargo still on board for { Port or Ports in the U K , *viz*
Exportation

If Ship shall have commenced her lading }
at any other Port, name of such Port }

Brokers *W. Fagan*

Address *Holley Street,* Signed
Master or Agent

Date of Entry.

I certify that the following is a correct statement of the distance in feet and inches between Centre
Maximum Load Line Disc and upper edge of Line indicating the position of the

First Deck above it		Second Deck above it	
Ft	In	Ft	In

Dated this day of 19..

*.....

NOTE:—In the case of Colonial and Foreign Vessels, certain approved Load Line Certificates are to be accepted as valid in the United Kingdom.

* The Certificate may be signed by any Person coming within the definition of Shipowner as interpreted in Section 492 of the Merchant Shipping Act 1894

**MASTER'S DECLARATION AND STORES CONTENT FOR VESSELS OUTWARDS
WITH CARGO.**

Sailing Vessel	Official No	2436	| Rotn No
Steam Vessel	No of Register	4472	
	Date of Registry	27/10/1902	

Port of Newcastle

Ship's Name and Destination	Number of Tons	If British, Port of Registry, if Foreign, the Country	Number of Crew	Name of Master	With or without Passengers or Troop
<i>Summit, Marseilles</i>	400	<i>British, Glasgow</i>	20	<i>Thomas</i>	<i>Without</i>

I, *Thomas Thomas*, Master of the above-named Vessel do declare that the particulars set forth in this form are true and correct, and that all the requirements of the Merchant Shipping Acts respecting Outward-bound Ships have been duly complied with, * and I further declare that it is not intended that any coal, or other stores or goods, shall be carried as Deck Cargo*, and I hereby undertake that if Clearance is now granted and any Deck Cargo is carried, I will forthwith pay any further dues, which may become payable by reason thereof.

I hereby nominate and appoint *W Fagan*, of *Holley Street*, to be and act as my Agent in all matters relating to the Clearance of the said Ship required of me in that respect by the Customs Acts, holding myself responsible for his acts in such matters

To be struck out if not applicable

Signed and declared this _____ day of _____

19 . in the presence of

T Thomas Master

pro Collector of Customs
and Excise.

Broker *W Fagan*

Address *Holley Street*

Date of Clearance

(Signed) *W Fagan*

Agent for the Master

..... Clearing Officer

(For Stores Content, see back)

* This portion may be deleted in the case of foreign-going vessels when it is known that deck cargo will be carried, and also, together with the remainder of the declaration down to the word "thereof," as far as home trade vessels, as defined by the Order in Council dated 24th July, 1901, are concerned

[CUS]

AND DICTIONARY OF COMMERCE

[CUS]

BONDED AND DRAWBACK STORES granted to the Ship *Summit*,Master *T. Thomas*,for *Marseilles*

Men 20

Passengers

Troops

Rum	Brandy.	Geneva	British Spirits	Other Spirits	Wine	Beer	Lemon Juice
							2 galls
Tea	Coffee	Coffee and Chicory Mixed, Roasted, and Ground in Bond		Cocoa, or Cocoa Paste	Chicory, Roasted in Bond		Tobacco
Cigars	Cigarettes	Raisins		Currants.	Figs.		Prunes and Plums
Sugar	Molasses	Condensed Milk	Preserves, Marmalades, &c	Sundry Sugar Goods	Playing Cards	Surplus Stores	
				<i>var</i>		1b Cav Tobacco „ Tobacco, O S „ Cigars „ Cigarettes gals Spirits oz Saccharin 1b Tea gals. Wine packs Playing Cards and sundry Low Duty Goods	

.....Store Clerk

N B—For use in London or at other Ports where applicable

VICTUALLING BILL.

Granted Number (,)

Port of *Newcastle*Bonded and Drawback Stores in the *Summit*Master for *Marseilles*

Men 20

Without Passengers or Troops

400 Tons

				Net Quantities taken on Board.
Spirits	{ Rum	.. ..	gall	
	{ Brandy	. . . .	"
	{ Geneva	. . . .	"
	{ Whiskey	. . . .	"
	{ Gin	.. ..	"
	{ Other Spirits, not sweetened	.. ..	"
	{ British Spirits, sweetened	.. ..	"
	{ Foreign Spirits, sweetened	.. ..	"
Wine	.. ..	.. ..	"
Beer, Foreign	.. ..	.. ..	"
Beer (for Drawback)	.. ..	.. ..	"
Lemon Juice	.. ..	.. ..	"
Tea	.. ..	.. ..	lb	2 galls.
Coffee	.. ..	.. ..	cwt.	
Roasted (for Drawback)	.. ..	.. ..	lb.	
Cocoa	.. ..	.. ..	"
Paste	.. ..	.. ..	"
Chicory, Roasted and Ground, in Bond	.. ..	.. ..	"
Coffee & Chicory, Mixed, Roasted & Ground, in Bond	.. ..	.. ..	"
Tobacco (for Drawback)	.. ..	.. ..	"
Cavendish or Negro Head	.. ..	.. ..	"
Other Sorts	.. ..	.. ..	"
Cigars	.. ..	.. ..	"
Cigarettes	.. ..	.. ..	"
Raisins	.. ..	.. ..	cwt.	
Currents	.. ..	.. ..	"
Figs	.. ..	.. ..	"
Prunes	.. ..	.. ..	"
Plums	.. ..	.. ..	"
Sugar	.. ..	.. ..	"
Molasses	.. ..	.. ..	"
Condensed Milk	.. ..	.. ..	"
Preserves, (Marmalade, &c)	.. ..	.. ..	"
Playing Cards	.. ..	.. ..	doz pack	
Sundry Sugar Goods	.. ..	.. ..	cwt	var
Surplus Stores	.. ..	.. ..	"
Examined			19	pro Collector
Cleared				W Fagan, Broker.
				Holley Street, Residence.

CUS]

AND DICTIONARY OF COMMERCE

[CUS

MASTER'S DECLARATION AND STORES CONTENT FOR VESSELS
OUTWARDS IN BALLAST.

Sailing Vessel	Official No.	Rotn. No.
Steam Vessel	No. of Register	
	Date of Registry	

Port of

Ship's Name and Destination	Tonnage	If British Port of Registry, if Foreign, the Country.	Number of Crew	Name of Master.	With or without Passengers or Troops
<i>Knots Bremen</i>	250	<i>British, London</i>	25	<i>Eton</i>	<i>Without</i>

I, *James Eton*, Master of the above-named vessel, do declare that the particulars set forth in this form are true and correct, that there is not on board, nor will be taken on board the said Ship at this Port, any Goods, Wares, or Merchandise whatever, except such Stores and Provisions as are necessary for the use of the said Ship and the People on board thereof during the said Voyage and that all the requirements of the Merchant Shipping Acts respecting Outward-bound ships have been duly complied with

I hereby nominate and appoint *R Gobe*, of *Mincing Avenue*, to be and act as my Agent in all matters relating to the clearance of the said Ship required of me in that respect by the Customs Acts, holding myself responsible for his acts in such matters

To be struck out if not applicable.

Signed and declared this _____ day of _____ *James Eton* Master

19 .., in the presence of _____
pro Collector of Customs and Excise. (Signed) *R Gobe*
Agent for the Master

I certify that the following is a correct statement of the distance in feet and inches between Centre Maximum Load Line Disc and upper edge of Line indicating the position of the

First Deck above it		Second Deck above it	
Feet.	Inches.	Feet.	Inches.

Dated this _____ day of _____ 19..
..... Master.

NOTE.—In the case of Colonial and Foreign Vessels, certain approved Load Line Certificates are to be accepted as valid in the United Kingdom

Last voyage from _____ with Cargo } Delete the words
in Ballast } inapplicable

Station where Ship lying _____

Name and Address of Broker _____

Date of Clearance _____ Clearing Officer.

(For Stores Content, see back)

[CUS]

BUSINESS MAN'S ENCYCLOPAEDIA

[CUS]

BONDED AND DRAWBACK STORES granted to the Ship *Knots*Master *J. Elou*for *Bremen*

Men 25

Passengers

Troops

Rum	Brandy	Geneva	British Spirits	Other Spirits	Wine	Beet	Lemon Juice
						1 <i>cash</i>	
Tea.	Coffee	Coffee and Chicory, Mixed, Roasted and Ground in Bond		Cocoa, or Cocoa Paste	Chicory, Roasted in Bond		Tobacco
2 <i>lbs.</i>							
Cigars	Cigarettes	Raisins		Currants.	Figs.		Prunes and Plums
Sugar	Molasses, Condensed Milk	Preserves, Marmalades, &c		Sundry Sugar Goods	Playing Cards	Surplus Stores	
						lb. Cav. Tobacco „ Tobacco, O.S „ Cigars „ Cigarettes gals Spirits oz Saccharin lb Tea gals Wine packs Playing Cards and sundry Low Duty Goods	

Ballast No

.....Store Clerk.

N B — For use in London or at other Ports where applicable

the goods for which they are required. The warrants vary also in colour, and a few instances are given below—

For dry goods, excepting tea and tobacco, a white warrant is used, as given on page 536. In the case of tea which is to be used for home consumption, a light blue warrant is used, and for wet goods for home consumption a white warrant is required, slightly different from the form given above. Goods may also be removed for re-warehousing at another place. For this purpose a green warrant is used.

At the time the goods are warehoused, a close examination of them is made by the Customs officials, tests being taken and quantity ascertained.

Clearance of Ships. Before any cargo for exportation is loaded on a vessel, an entry outwards must be lodged in the form shown on page 537. All vessels, whether British or foreign, with cargo or in ballast, must, before leaving for any foreign port, be cleared outwards.

With Cargo. The documents (entry outwards, master's declaration outwards and victualling bill), together with jerque note, which is left on board by the Customs when they have ascertained that all the inward cargo has been discharged, are secured from the Custom House. On pages 537, 538 and 540 are facsimiles of entry outwards, master's declaration outwards, and victualling bill.

The master's declaration outwards is signed by the agent appointed by the master for clearance purposes, and all particulars of bonded stores (dutiable goods for consumption on board), if any, are stated on the back in the spaces allotted for the purpose. The reverse of this form is shown on p. 539.

The same particulars are shown on the victualling bill also, to which must be attached a small pasteboard card. This must be affixed in the manner required by the Customs. When the Collector of Customs has satisfied himself that all the dues, etc., for which the ship is liable, have been paid, and that the particulars of the ship, as stated on the various forms, tally with the ship's register, a clearance label stamped with the name of the port and date of clearance is attached to the aforementioned pasteboard card by the collector.

In Ballast. Ships may be termed as being in ballast when without cargo or laden only with slate, chalk, etc., or returned empties upon which it can be proved that no freight is earned. The Victualling Bill is required, together with the Master's Declaration Outwards in Ballast, as given on pages 541 and 542.

The latter document must be signed by the Master of the vessel in the presence of the collector of Customs. The former must also answer (orally) all questions relative to the ultimate destination of the ship. If any bonded stores are required, the Shipping Bill, which is taken out by the supplier of the goods, is endorsed by the agent of the master, with the request for permission to ship by the vessel to the destined port.

CUSTOMS SURVEYOR.—(See SURVEYOR OF CUSTOMS.)

CUSTOMS TARIFF.—(See CUSTOMS FORMALITIES.)

CUSTOMS WATCHER.—This is the name of an official of the Custom House who, when necessary, takes charge of imported goods while they are conveyed from the ship to the bonded warehouse. His services are obtained by making application

to the Custom House, and his wages are charged up to the importer.

CUTCH.—The name used commonly for catechu (q.v.).

CUTLERY.—The comprehensive name for cutting instruments, including domestic cutlery, knives, forks, scissors, etc., and tool and surgical cutlery. Since the fourteenth century, Sheffield has been the chief centre of the manufacture, but France, Germany, and the United States are now strong competitors with England in the foreign markets, and the trade of Sheffield has been affected accordingly. The finest surgical instruments are made in Paris, and the best razors come from Sweden. The chief French towns engaged in this industry are Thiers, Nogent, Langres, Châtellerauld, and Paris. In Germany, the principal centres are Soening, Remscheid, Suhl, and Schmalzkalden.

CYCLE CARRIERS INSURANCE.—(See PEDAL CYCLE CARRIERS INSURANCE.)

CYCLE INSURANCE POLICY.—This is a comprehensive policy issued to cyclists, and follows much on the lines of the familiar comprehensive policy issued to motorists. These policies are not issued to persons under 16 years of age.

The premiums are based on the value of the machine, and for a full policy range from 15s. for a machine value £10 to £1 for a £20 machine, with a reduction if the insured agrees to bear a proportion of each claim.

The benefits covered are—

(a) **Accidental Damage to Cycle.** (Including lamps, tyres, and accessories.) By accidental external means or malicious act, including cost of removal to nearest repairer.

EXCLUDING Wear and tear, breakdown, tyre punctures or bursts, or damage to tyres unless the cycle is also damaged.

(b) **Fire Damage to Cycle.** (Including lamps, tyres, and accessories.) Loss or damage by fire or lightning.

(c) **Theft of Cycle.** (Including lamps, tyres, and accessories, if cycle is also stolen.) Loss or damage by burglary, housebreaking, larceny or theft, or any attempt thereat.

(d) **Transit.** Loss or damage as defined in Sections (a), (b), and (c) during transit (including loading and unloading) by road, rail, or inland waterways, within the United Kingdom.

(e) **Public Liability Claims.** An indemnity to the insured against his liability for personal injuries to any person, or for accidental damage to property (including animals) caused by, through, or in connection with the insured cycle, up to £250 in respect of any one accident. All law costs incurred with the company's consent paid in addition.

EXCLUDING Members of insured's family, any person in the insured's service, or a person riding on the cycle, property belonging to the insured, in his charge or held in trust by him, or being conveyed by the cycle.

The cycle (including accessories) is covered under the above sections up to the reasonable market value, not exceeding the sum insured.

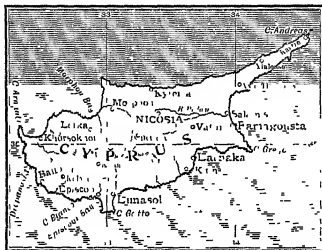
Policies are also issued to employers in respect of the cycles and tricycles used in connection with their trade or business. The cover is similar to that specified above with the addition that the cover in respect of claims by the public is extended to include injury to persons and damage to property caused by goods falling off such cycle carriers or whilst such carriers are being loaded or unloaded, or

by delivery or collection of goods to or from such carriers

The first 10s of the amount of any damage to the cycle is usually excluded. (See also MOTOR CYCLE INSURANCE.)

CY PRES.—This is an old French legal expression, which means "as nearly as possible." It is met with most frequently when the carrying out of the terms of a trust is in question. If it is not possible to do this absolutely, *se.*, as the donor of the trust funds has directed, the court has power to direct that the trust shall be carried out *cy pres*, or as nearly as it can be so as to meet the wishes of the donor.

CYPRUS.—The island of Cyprus, the third largest island in the Mediterranean Sea, lies in the extreme north-east corner, being distant some 60 miles from Syria to the east and 40 from Anatolia to the north. It was the centre of civilisation 2,000 years ago, but now lives in its past. Freed from the paralysing hand of the Turk by its annexation to the British Empire in November, 1914,



its future promises greater progress. The government is administered by a High Commissioner acting under the Colonial Office, assisted by a Legislative Council of 18 members—6 official and 12 elected. Its area is 3,584 square miles, and its population, mainly Greek Christians (80 per cent), numbers about 311,000. The extreme length of Cyprus is 140 miles, and its greatest breadth 61 miles. The coast line is broken by many bays and capes, but there are no natural harbours of any size. On the north is the small harbour of Kyrenia, on the east the improved harbour of Famagusta, and on the south the roadsteads of Larnaka and Limasol. Ranges of mountains edge the island on the north and south (the serrated limestone, northern Kyrenian range with Buffavente, 3,135 ft., and the southern volcanic Troodos or Olympus range, whose highest point is 6,406 ft.), shutting off moisture from the long interior plain called the Mesaoria. There are no rivers worthy of the name, and its few lakes, the largest of which are Larnaka and Limasol, are dry in summer, and yield large supplies of salt. During the summer months the heat is intense, the thermometer registering anything up to 110° F., but from October to April the temperature is delightful. The rainy season extends from about November to April, little rain falling during the remaining months. Most of the rain falls in December and January in heavy

showers, and the total annual rainfall is only about 23 in., necessitating ingenious irrigation from underground water by wheel and ox or modern air motor. Evergreen forests of pine and cypress cover the mountains of the western half of the island, and the whole island boasts of an area of over 200 square miles of first-class timber forest, under the management of a government forestry department. Formerly, forests extended over the greater part of Cyprus, and their destruction left the limestone hillsides bare and infertile, and rendered the climate drier. Cyprus is essentially agricultural. The chief products are wheat, barley, vetches, olives, millet, maize, amseed, sunac, dates, salt, cotton, grapes, carobs, fruits, linseed, silk, cheese, wool, hides, sugar, and sesame. One of the most lucrative products is the carob trees, which are cultivated in large numbers in the foothills along the northern and southern coasts, providing an important export of carob beans. Figs, oranges, lemons, plums, apricots, peaches, walnuts, cherries, grapes, pomegranates, and apples, are grown in the hill villages, and exported largely to Egypt. Wine, improving in quantity and quality, also produced in the hill districts, finds its foreign markets in Greece and Egypt. Horses, mules, cattle, asses, sheep, and goats are reared. The live stock has been considerably improved by the importation of pedigree stock from England. Sheep, numbering over a quarter of a million, are of the fat-tailed type, and their wool is considered particularly fine for carpets. The goats, although harmful to the forests, are essential for the peasantry, and the mules and donkeys are among the best in the world for pack purposes. Sponge fishing is carried on in the Mediterranean waters. Locusts, one of the great drawbacks to agriculture, have been successfully dealt with under British direction, and the evil effects of drought are being mitigated by the practise of irrigation. Copper, magnesite, gypsum, and asbestos are the chief minerals. In olden days the copper mines were world-renowned, to-day, the small amount of high-grade ores and the low-grade ores with valuable by-products, make some of the mines profitable, but the total output of the island is small. Asbestos of good quality, found near Troodos, will become of greater importance when the difficulties of transport are overcome.

Excellent motor-roads have been constructed throughout the island, and a network of cart-roads extends in all directions. A narrow-gauge railway, constructed in 1905, runs from the port of Famagusta through Nicosia and Morphou to Evrykhon (76 miles). There is a regular service of steamers from Egypt and from Italy (via Trieste), while ships of several well-known lines call at frequent intervals.

Cyprus numbers but six towns, all seaports except Nicosia.

Nicosia (192,000), the capital, lies in the centre of the island in the great plain through which the railway runs. Its picturesque old bazaars still remain, but modern buildings and electric lighting are steadily becoming the rule.

Larnaka (10,000), the chief seaport, lying on the south coast, possesses a good open roadstead. Ships discharge their cargoes by lighters.

Limasol (13,000), the most modern town in the island, situated on Akrotiri Bay on the south coast, exports carob beans, wines, spirits, raisins, plaster of Paris, and salt.

Famagusta (7,000), on the east coast, has decayed. The recent improvements in its harbour, and its railway connection with Nicosia, are now, however, causing it to grow.

Paphos (4,000), and *Morphou* (3,800), are sleepy towns, of small commercial importance.

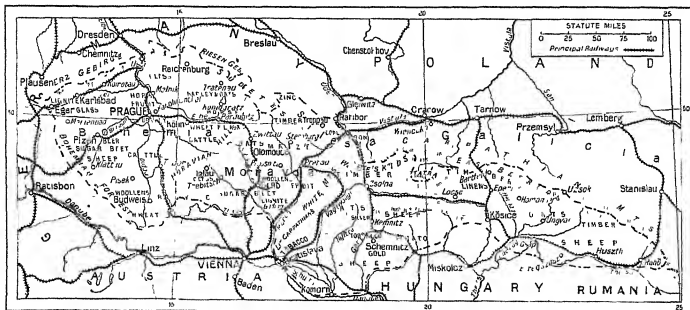
Most trade is done with the United Kingdom. The exports include cereals, carobs, wine, flax, cotton, raisins, silk cocoons, hides, skins, wool, cheese, fitches, animals, sponges, gypsum, copper, asbestos, fruit, and vegetables. The principal imports are textiles, tobacco, rice, iron and copper goods, petroleum, flour, sugar, Colonial produce, timber, and soap.

There is a regular dispatch of mails every Friday to Cyprus. The distance is about 3,000 miles, and the time of transit seven to fourteen days.

CZECHO-SLOVAKIA.—The Republic of Czechoslovakia, established in 1918, comprises the former Austrian provinces of Bohemia, Moravia, and Silesia, together with the upper part of Hungary,

representation. The President is elected for seven years by the two Chambers assembled in joint session. Voting is compulsory. Ruthenia has local autonomy, and is known as Autonomous Ruthenia.

Relief. Bohemia, probably the most precisely marked physical unit in any continent, is a basin bounded by four sections of the pro-Alpine block mountains of Western Europe, almost continuous with the basin of the Labe (Elbe) and its affluent, the Vltava (Moldau). On the north-west the Erzgebirge (Ore Mountains) rise abruptly to heights of over 4,000 ft., which slope gently down to Saxony, but leave a line of communication by the deep-cut gateway of the Elbe. The north-east border runs along the summits of the Giant Mountains, the crest of the Sudetic range, attaining in the Schneekoppe an elevation of 5,300 ft., and dipping down towards the Moravian river system, beyond which the Beskid heights rise up to join those of the Tatras and the Carpathians. The parallel ridges of the



known as Slovakia and Carpathian Ruthenia. Lying entirely inland, it has Austria, Hungary, and Rumania on the south, Poland and Germany on the north, Germany on the west, and Rumania on the east. Right of access over the Labe (Elbe) and Oder to Hamburg and Stettin has been given the country, and the Government is canalising the Upper Labe in order to connect it with the Oder and the Danube, and probably the future may see the realisation of the dream of an inland waterway for ocean-going vessels from the North Sea to the Black Sea. The total area of the Republic is 54,877 miles (somewhat less than that of England and Wales), and its population is about 13,512,000, of whom 67 per cent are Czecho-Slovaks, 22 per cent Germans, 5.5 per cent Magyars, and 4 per cent Ruthenians. Both Czechs and Slovaks are of the Slavonic race, and though subjected to much oppression in the past by the Austrians and Hungarians, they have remained race conscious. The Government consists of two legislative Chambers—the Chamber of Deputies, elected for six years, containing 300 members, and the Senate, comprising 150 members elected for eight years. Both Chambers are elected by direct ballot on the basis of equality of sexes, race, religion, and occupation, and in accordance with the principle of proportional

Bohemian Forest on the south-western side reach nearly 5,000 ft. on the south, and run from north-west to south-east, until they touch the channel of the Danube, which separates the later Alpine formation, the spurs of the Wisner Wald, from the ancient Bohemian block. Only the south-east side of Bohemia is without a distinct chain of mountains; instead, there is a highland region averaging 2,000 ft. in elevation. The interior of Bohemia is hilly in the southern half (mean elevation, 1,500 ft.), while, in the north, it is in general a level lowland from 600 to 900 ft. in elevation. All the waters of Bohemia drain away towards the North Sea. Of these waters the two most important are the Vltava and the Labe, better known by the German names of Moldau and Elbe respectively. These two rivers mingle their waters some 30 miles north of Prague (Prah), and breaking through the volcanic Mittelgebirge in a charming valley, force their way out of the country through a gap in the sandstone ridges of the Ore Mountains.

Moravia and Silesia occupy the south-east side of the Boian plateau, and stretch over the lowlands, bordering the western chains of the young Tertiary Carpathians, which form their eastern frontier. The south is drained by the Upper Morava to the Danube, the north by the headwaters of the Oder to the

Baltic Sea The water-parting between the two rivers is low in the Carpathian forelands, and forms the deep Moravian Gap between the Boian plateau and the Carpathians. In the north, the eastern extremity of the Sudetes forms a plateau, 2,000 ft high, which rises in the Altvtar to nearly 5,000 ft.

On the east are the Carpathian hill-country between the summits of the West and East Beskids, the High Tatra, which culminates with 8,740 ft., the sandstone ridges of the Forest Carpathians, and part of the low, rich, undulating, great plain of Hungary, known as the *Alfold*. Of the rivers, the Váh, Hron, Jpel, and Tisa, flow to the Danube, the Poprád to the Baltic Sea, while several smaller ones go ultimately down to the Black Sea.

Climate, Vegetation, and Fauna. The climate is transitional between the oceanic type of Western Europe and the continental type of Russia. Bohemia is more oceanic, Slovakia and Ruthenia are more continental. Throughout the country the elevation of most of the surface intensifies the winter cold and moderates the summer heat. The winter of Bohemia is severe, but lasts, as a rule, only two months and a half. Prague (Praha) has a mean annual temperature of 48° F., and a range between 30° F. and 68° F. The rainfall is heaviest in the summer months, and varies between 20 and 30 ins. in the basin itself. On the mountain borders there is, naturally, a heavier rainfall, varying from 40 to 70 ins. The distribution of rain in the whole republic is favourable to agriculture, and Czechoslovakia may be described as a healthy country.

The uplands are forested, deciduous trees occurring on the lower and coniferous on the higher slopes. Wide areas of pasture and arable land cover the plains. Wild boars, bears, wolves, magnificent stags, badgers, deer, blackcocks, woodcocks, and pheasants, offer sport in the forest, partridge and quail are found in the fields, and duck, snipe, and wild goose in the lower levels of the river basins. Trout and crayfish abound in the mountain streams.

Production and Industries. The natural resources and agricultural and industrial development of Czechoslovakia are great. Agriculture engages 44 per cent of the people, industries engage 31 per cent, and 10 per cent are employed in commerce and transport. Arable land occupies 42 per cent, pasture 19 per cent, and forest 33 per cent, only 4 per cent being classed as unproductive. The chief crops are sugar-beet, rye, oats, wheat, barley, potatoes, maize, fruit, hemp, flax, tobacco, grapes, and hops. In the western provinces the growing of raw material for sugar, beer, malt, and spirit industries is the most important branch of agriculture, in the eastern part the chief crops are cereals, fruits, and tobacco. Moravian malt and Bohemian beer and hops have a world reputation. Agriculture is of the intensive type, but the country is not self-sufficing in foodstuffs. In beet-sugar production Czechoslovakia is the chief European exporter and the second largest producer in the world (annual production, about 1,300,000 tons).

Stock-raising is an important industry, especially in Moravia, Slovakia, and Ruthenia. Forestry is, naturally, important. Building timber, pulpwood, pit props, sleepers and firewood are obtained, and toys are manufactured, but hardwoods for furniture are imported. The Government is earnestly concerned with the development and improvement of forestry.

About 80 per cent of the mines and industrial

enterprises of the former Austro-Hungarian Empire are located in Czechoslovakia. In mineral resources it ranks among the first countries in Europe, containing every useful mineral with the exception of platinum. Mining has been carried on from very early times. The coal-mines—Ostrava-Karvin for coal and the Most-Falknov district for lignite—yield an average annual production of 12,000,000 tons of hard coal, and 16,000,000 tons of lignite. On the edges of the Bohemian lozenge (especially the Ore Mountains) minerals are abundant—gold, silver, coal, garnets, copper, lead, tin, iron, wolfram, antimony, quartz, granite, kaolin, and limestone. Among watering places, favoured with thermal springs, are Karlovy Vary (Karlsbad), Mariánské Lázně (Marienbad), Teplice (Teplitz), Luhačovice, and Grafenberg. The annual output of about 2,000,000 metric tons of iron-ore is equally distributed between Bohemia and Slovakia. Salt and mineral oils are state monopolies. The principal naphtha wells are near Gbely (heavy oils), and at Ražskoovice and Bohuslavice (light oils). There are state salt mines near Prešov in Slovakia, and at Slatina, in Ruthenia. At Joachimsthal, in the north-west of Bohemia, are the largest radium pitchblende mines in the world.

Manufactures are in an advanced stage, approximately 70 per cent of the products being exported. They may be divided into three groups—those which derive their raw materials from within the country, including sugar, alcohol, beer, malt, starch, porcelain, glass, and timber, those which derive part of their raw material from home resources, including the steel, iron, metal, chemical, and leather industries; and those which import the whole of their raw material, including textile, phosphate, nickel, and copper industries. Eastwards from Bohemia industrial development decreases. Bohemia has most of the beet factories, brews most of the beer (Pilsen), manufactures iron and steel near Praha, and leads in the manufacture of excellent porcelain and glass. Textiles, iron and steel, leather, paper, chemicals, and fancy goods are important in Bohemia, Silesia, and Moravia. Both Moravia and Slovakia are engaged in the manufacture of liquors, using potatoes and beet for their raw material. Wine is made in all the provinces, and especially in Slovakia and Ruthenia, but is insufficient for home demands. The use of the large water-power in connection with hydro-electric schemes is making headway.

Communications. There are 34,000 miles of roads suitable for motor traffic, and motor-car services have been established in the mountainous districts not served by railways. Many roads, however, stand greatly in need of improvement. Railway communication suffers from the fact that the main lines were built before the war to run from north to south, converging on Vienna and Budapest, and now have to serve a traffic from east to west. This change requires considerable adjustments and capital outlay. In the main, the railways, over 8,700 miles in length, follow the natural routes, and are rather more important than the canals and rivers. The nationalisation of river transport has made progress recently, through the flotation of the Czechoslovak Oder Shipping Company, in which the Government holds a controlling interest. Under the Treaty of Versailles Czechoslovakia has been granted warehouse facilities in the free port of Hamburg, and goods can be transported direct by barge between that port and Prague. The

rivers are mainly of importance for goods traffic. During the winter months they are frozen. A scheme which will be of prime importance to Central Europe is the construction of a canal to link up the Elbe and the Danube, thus providing direct transport from the North Sea and the Baltic to the Black Sea. The section from Usti (Aussig) to Neratovice (50 miles) is complete, and operations are in progress between Neratovice and Pardubice, which may be completed by 1934. From there a canal, 110 miles long, will be built towards the Danube. At the Bohemian-Moravian frontier it will cross the watershed dividing the North Sea rivers from the Black Sea rivers at about 1,000 ft. above sea-level. The descent to the Danube will be effected through Moravia by the Prerov-Bratislava canal, which is 112 miles long. At Bratislava, the future chief port of the country, and the headquarters of the International Danube Commission, large docks, warehouses, and offices are being constructed. Over 65,000 miles of telegraph line and over 50,000 miles of telephone wire are in operation. Prague is linked by means of aerial services with Paris, Bratislava, and the capitals of kindred Slavonic states.

Trade. The trade of Czecho-Slovakia is that of an industrial country, importing chiefly raw materials and foodstuffs, and exporting finished manufactured goods. Bohemia and Northern Moravia are studded with important textile factories and iron and engineering works, and the largest European cotton mill, employing some 8,000 hands, is at Ruzomberok in Slovakia. Owing to its geographical position its chief markets, in normal times, must be Germany, Austria, Hungary, the Balkan countries, Poland, and Russia, and Britain will find Czecho-Slovakia a keen competitor in these markets. The three main routes of trade are by the Elbe and its valley, by the Danube, and through the Moravian Gate. The chief exports are beet sugar, coal, timber, wool and woollen goods, glass and glassware, wood pulp, cotton goods, porcelain, steel and metal goods, transport material, leather and leather goods, hides, and clothing, and the chief imports are grain, foodstuffs, iron and steel goods, high-grade textiles, raw cotton and raw wool, and oils. Most trade is

at present carried on with Germany, France, Austria, Great Britain, and the United States. The Czechs are making great efforts to improve the commercial value of their products and their standard of life, which decrease in importance with increasing distance east of Prague, and the future will doubtless see the country one of the most prosperous in Europe for agriculture, mining, forestry, and manufactures.

Trade Centres. *Prague* (Praha) (677,000), the capital of Czecho-Slovakia and the former capital of Bohemia, and the natural centre where routes from all parts of Bohemia meet, stands at the head of the navigation of the Vltava (Moldau), and has developed a large transshipping business. It is an old historic university town, and has important manufactures of engines, railway cars, textiles, glass, porcelain, and leather.

Brno (Brunn) (222,000), the capital of Moravia, on the edge of the Boian plateau, where the main route from Bohemia enters the lowlands, lies in a delightful landscape of hills and forests, and has important manufactures of machinery, woollen textiles, and sugar.

Bratislava (Pressburg) (93,000), destined to be the first port of Czecho-Slovakia, is well situated between the Danube and the vine-clad slopes of the Lower Carpathians, commanding the Carpathian Gate. It is a town of many squares and statues, and has manufactures of dynamite, machinery, spirits, and flour.

Pilsen (Pilsen) (88,000), the second town of Bohemia, has historic interest as the centre of Catholic resistance to the Hussites. It is world-famed for Pilsner lager, and includes among its other manufactures, leather, paper, earthenware, enamelled tinware, and machinery.

Kosice (Kaschau) (53,000), the administrative and cultural capital of eastern Slovakia, is an ancient royal free town.

Olomouc (Olmütz) (56,000), a town rich in historical associations, lies on the Morava, 41 miles north-east of Brno.

Other towns with populations exceeding 30,000 are *Moravská Ostrava* (42,000), *Usti n L* (Aussig) (39,000), and *Liberec* (35,000).

D.—This letter occurs in the following abbreviations—

d	a penny (Latin, <i>denarius</i>)
D A	Deposit Account
D/A	Documents against Acceptance, Deed of Arrangement, Deposit Account
D/B	Day Book
Dbk	Drawback
D/D	Days after Date. Demand Draught
Deb	Debenture
Dft	Draft
Dis, Disct	Discount
Div	Dividend
D/O	Delivery Order
Dols	Dollars
D P B	Deposit Pass Book
D/R	Deposit Receipt
Dr	Debtor
D/W	Dock Warrant

DAMOMEY, FRENCH.—(See FRANCE.)

DAMAGE, CERTIFICATE OF.—(See CERTIFICATE OF DAMAGE.)

DAMAGES.—An expression used to denote the pecuniary compensation which may be awarded in legal proceedings to a person for an injury he has sustained, either in person or to his property, by reason of some act or omission of another person. The object of the courts in awarding damages is to put the injured person in as good a position, so far as money can do it, as he would have been in if the act or default complained of had not happened, and, in some few cases, to punish the wrongdoer. It is obvious that this ideal of pecuniary compensation cannot always be even approximately attained, for example, it is almost impossible to measure pain and suffering in pounds, shillings, and pence, and no sum of money can adequately recompense, say, young children who are deprived of a parent's care and affection by reason of an accident due to the negligence of the defendant. Thus it is that in many cases damages cannot be a full equivalent for the mischief done, and recognising this, and also the fact that an injured person ought not to be allowed to make a profit out of the injury beyond what is fair and reasonable under all the circumstances, the law lays down a number of rules to assist the judge or the jury in assessing the amount to be awarded as damages. But even these rules cannot always be applied with precision, and the assessing tribunal must have regard to the particular circumstances of each case.

The general expression "damages" covers a number of sub-divisions, to which descriptive titles are given, thus: "General damages" are those which flow in the ordinary course of events from the defendant's act or default, "special damage" denotes the actual ascertainable loss, or the parti-

cular damage, in a particular case. "liquidated damages" (*q v*) means a sum assessed by the parties to a contract as the amount to be paid in respect of a breach thereof, "unliquidated damages" are such as must be assessed by the court "prospective damages" are those awarded to a plaintiff in respect of loss anticipated, but not yet actually experienced, "exemplary damages" are such as take into account either a sentimental injury to the plaintiff or the necessity of punishing a wilful wrongdoer—in the latter case they are sometimes called "vindictive damages", "nominal damages" and "contemptuous damages" are other expressions which explain themselves.

In the event of a bill of exchange or a promissory note being dishonoured, the damages recoverable in respect thereof are expressly declared to be liquidated damages, and include the amount named on the instrument, interest thereon, and the expenses of noting a protest. Exemplary damages can only be given in one form of action for breach of contract, viz., an action for breach of a promise to marry, but they are frequently awarded in actions of tort, when the defendant's conduct has been particularly improper, or dishonourable, or illegal. If, however, the plaintiff has given provocation, he will not be entitled to exemplary damages.

Of the various classes of damages mentioned above, the most important distinction is that between liquidated and unliquidated damages. In many contracts the parties themselves fix the compensation or amount of damages to be paid by the one who fails to carry out his part of the contract, and sometimes the very nature of the contract determines the amount. Thus, in a contract for the sale of goods at a certain price, the failure of the purchaser to pay the price entitles the seller to sue him for it. The price, then, is recovered as liquidated damages. But if, in such a contract, the seller fails to deliver the goods, the buyer's claim is for unliquidated damages, viz., such a sum as represents the loss he has sustained by reason of the non-delivery. If he could have bought the same goods elsewhere at the same or a less price, then his actual damage is nil, and all he can recover is nominal damages, often estimated at a farthing or a shilling, for the breach of the contract. If, however, he has to pay a higher price for similar goods, then his measure of damages will be the difference between the two prices, plus compensation for inconvenience and trouble. But in such a contract the parties may have said that such and such a sum is to be paid on breach as agreed and liquidated damages, then the injured party will be entitled to recover the agreed sum, even though it may be more than the actual loss he has sustained, unless the court, on inquiring into the circumstances, is of opinion that the agreed sum, though called liquidated damages, is really in the nature of a penalty, for if this is so, payment of the full

penal sum will not be enforced unless the actual damages sustained amount to such a sum. It is for the judge to decide whether a mentioned sum is a penalty or liquidated damages, and the latter test to be applied is: Is it a genuine anticipation by the parties of the loss which they contemplated would result from a breach of the contract, or is it a sum imposed as security for the due performance of the contract? If it is the former, the court will not interfere, and the sum will be recoverable as liquidated damages; if it is the latter, it will be regarded as a penalty and be relieved against. The law leans against penalties.

It is not always necessary for a plaintiff to prove actual tangible loss, or the existence of a possibility of loss, in order that he may be entitled to recover damages from the defendant. Every breach of contract, and every wrongful act or omission, with some small exceptions to be presently considered, give rise to a claim for damages, and nominal damages may in any such case be awarded, although no actual loss has been or will be sustained. Unless the amount of the damages has been fixed by Act of Parliament, as is done in some special cases, or has been agreed to by the parties, the amount to be awarded in any case is within the discretion of the judge and jury trying the case, and that discretion must be exercised in conformity with the following rules which govern the assessment of damages—

(1) Damages must be assessed once and for all. A plaintiff must sue for and recover all his damages in one action, whether they be for actual, future, or contingent loss, and having once sued to judgment a defendant in respect of a particular cause of action, he cannot bring a second action against the same defendant for any loss arising out of the same cause of action which has not materialised at the time judgment was given in the first action, or which has, for some reason or another, not been taken into account in the prior proceedings. Where, however, a cause of action is continuing, that is, arises afresh from every repetition or every day's continuance of the wrong complained of, an action may be brought for damages as and when they accrue, if the cause of action continues, after the assessment of damages in any particular case.

(2) When damages have to be assessed by the court or jury, that is, when they are not merely nominal, or statutory, or agreed, only such damages can be awarded as flow naturally from the act or default complained of, and are either the direct consequence therefrom or were contemplated by the parties as a consequence thereof. Loss not within this limitation is said to be too remote, and cannot be recovered. If a plaintiff could reasonably have prevented any part of the loss he has suffered, such loss as might have been averted by him cannot be regarded as the direct consequence of the defendant's act or omission. These rules are sometimes described together as "the measure of damages," by which is meant the standard of calculation by which the damages are to be assessed.

The doctrine of remoteness may be best explained by an illustration. In the leading case on the subject, *Hadley v. Baxendale*, 1854, 9 Ex. 341, the plaintiffs, who were millers, entrusted the defendants, who were carriers, with a mill-shaft to be delivered to the mill, the carriers' servant being informed that the shaft must be sent at once as the mill was stopped for want of it. Owing to the defendants' neglect, the shaft was not delivered

at the proper time, and the mill was stopped for several days in consequence. The plaintiffs brought an action to recover damages for the delay in delivery, and sought to include in the damages the loss of profits caused by the stoppage of the mill, but it was held that they could not do so, as the mercantile notice to the defendants' servant was not sufficient to make the loss of profits damages that might reasonably be expected to flow from the breach of the contract of carriage. In another case, *British Columbia Saw Mills v. Nettleship*, 1868, L.R. 3 CP 499, the law was stated as being that the knowledge of the special circumstances must be brought home to the party sought to be charged, in such circumstances that he must know that the person he contracts with, reasonably believes that he accepts the contract with the special conditions. The application of the rule to actions of tort is somewhat different. One who commits a wrongful act is responsible for the ordinary consequences which are likely to occur, but, generally speaking, he is not liable for damage which is not the natural or ordinary consequence, unless it is shown that he knows or has reasonable means of knowing that consequences not usually resulting from the act are, by reason of some existing cause, likely to intervene so as to cause damage. In a well-known case, the defendant's servant washed down a cart in his master's yard. In the ordinary way the water should have passed down the gutter to the drain; but the weather was frosty, and the drain was frozen over, so that the water could not get away, and stood in the yard until it froze. Plaintiff's horse slipped on the ice so formed and broke its leg. The defendant did not know of the obstruction in the drain, and it was held that the injury to the horse was not such a consequence as he should reasonably have expected as a consequence of the washing of the van. In another case the defendant had made an untrue statement about the plaintiff, the words used not being actionable in themselves, and the plaintiff endeavoured to prove as damages the fact that in consequence of the slander a third person had refused to employ her. It was held that as the words used would not naturally lead to such a refusal to employ, the damages were too remote.

Another factor to be considered in connection with remoteness is whether the original act or omission complained of was the real cause of the injury, or was there some intervention of a third person without which the damage would not have followed. A good example of this distinction was seen in an action against a railway company for damage done to a garden by reason of an engine falling down an embankment into the garden, where it was held that the company were liable for the damage done by the engine, but not for that caused by the crowds of people who came to see the engine in the garden. But where the conduct of the third person was itself a direct consequence of the original misconduct, or the damage followed by reason of animals following their natural instincts, the original wrongdoer will be responsible for all. Where, however, a contingency supervenes upon the act complained of, damages cannot be given in respect of the contingency. If a man travelling by train to take part in a competition is injured, the jury in assessing damages for the injury must not take into account the possible loss of the prize. But where a seller of goods fails to deliver them, and the buyer cannot purchase similar goods in

the market, the latter is entitled to recover as damages the value of the goods to him at the date when delivery should have been made, and such value may include the profits he would have made on a contract to re-sell already entered into, whether the original seller knew of such contract or not. If the buyer has already paid the price, the measure of damages for non-delivery is the value of the goods at the time of the trial. By the Sale of Goods Act, 1893 (see SALE OF GOODS), it is provided that where a buyer refuses to accept goods the property in which has passed to him, the seller may recover the agreed price though there has been no delivery, or may sue for damages, the measure of which will be the difference between the contract price and the market price at the date when acceptance ought to have been made. If the property has not passed, the latter is the only remedy open to the seller. For the measure of damages for breach of warranty, see WARRANTIES AND CONDITIONS.

Where a carrier does not deliver goods in proper time, or if he negligently loses or damages them, the measure of damages will be the true value of the goods, *plus* any further damages naturally resulting from the breach of contract. In a claim by a passenger for personal injuries, the measure of damages will include the medical and other expenses of his cure, his loss of time, his inability to continue his business or occupation, or to earn an income equal to or reasonably exceeding what he has made in the past, his lessened capacity for the enjoyment of life, and the pain and suffering he has had to endure. The fact that he has already received money under a policy of insurance must not be taken into account in reduction of damages. In an action under Lord Campbell's Act, brought for the benefit of the family of a person who has been killed in an accident, only the actual pecuniary loss suffered by the family in question can be considered, and the damages must be calculated in reference to a reasonable expectation of pecuniary benefit from the continuance of the life, without considering mere possibilities of future advantages, or the grief caused by the death.

Occasionally, it may be that a person may suffer damage owing to the act of another, and yet have no right to recover damages in respect thereof, because what that other has done is not a violation of what the law regards as a legal right. For example, if a man digs a well on his own land and so draws away his neighbour's water, the latter clearly is injured, yet he has no right of action, for the injury does not amount to a violation of a legal right. Again, in a few cases damages are not recoverable unless actual loss is proved, as in a case of slander. (See DEFAMATION.)

DAMASK.—A fabric with an elaborate raised pattern woven into it, originally made only of silk at Damascus, to which town it owes its name. The industry was introduced into England towards the end of the sixteenth century by immigrants from Flanders. The damasks most in demand are made of linen, and are used for tablecloths, serviettes, etc. Barnsley in England, Dunfermline in Scotland, and Belfast in Ireland are the chief centres of the linen damask manufacture. Woolen, cotton, and silk damasks are much used for curtains, table covers, and in upholstery generally. The so-called silk damasks are mixtures of silk with wool or with one of the other materials named. They are produced in the neighbourhood of London. Halifax and Bradford are the headquarters of the woolen

damask industry, and the cotton variety is manufactured at Manchester, Glasgow, and Paisley.

DAMMAR.—A clear, almost transparent resin obtained by incision from certain coniferous trees known as Dammar, or dammar pines, and found in New Zealand, New Guinea, and the Malay Archipelago. Singapore does the largest export trade in Java dammar, but Penang and Batavia also export the resin in several commercial grades. The most valuable dammar resin is found in a fossil condition. It is principally used in the manufacture of transparent varnishes.

DAMSON.—The plum of Damascus, but now grown in various parts of the world. It is a small, purple or yellow, oval variety of the common plum, and is much used for making preserves.

Damson pulp is also an article of trade, and is placed on the market in 3 to 5 cwt casks, 7 cwt pipes, and 11 cwt puncheons.

DANDY ROLL.—This is a roller which is used in the manufacture of paper, and is inserted after the paper pulp has passed over the first press roll. Its function is important in that it inserts the water mark so universally employed in the manufacture of the better class of writing paper, and more particularly in bank notes, securities, and postage stamp paper.

In normal times large numbers of such rolls are annually exported to all parts of the world, as the United Kingdom has enjoyed practically a monopoly of manufacture since their invention over a century ago.

DANGEROUS BUILDINGS.—The legislation concerning dangerous structures is first to be found in the Towns Improvement Clauses Act, 1847. If any building or wall is considered to be in a ruinous state, and dangerous to passengers, or to the occupants of neighbouring buildings, a board or fence must be put up to protect passengers, and written notice must be given to the owner. A notice must also be put upon a conspicuous part of the premises. The notice must require the owner, or occupier, to take down, secure, or repair the premises. There must be no delay in attending to the notice, otherwise two justices of the peace, at the request of the town or district surveyor, will order the work to be done forthwith. If the owner or occupier fails to do what he is told to do, the authorities will do the work, and will charge him therewith. If necessary, distress will be levied on his goods. The Housing Act, 1925, makes provision for the doing of structural work by any person having an interest in property which is or is likely to become unfit for habitation or is in a dangerous condition (Sect 30.)

If the owner cannot be found, the local authority may take the land on which the dangerous building stands, and sell it, and make compensation to the owner; or, if the building is pulled down, the materials will be sold, and the net proceeds handed to the proper person, when found. If a street or footway should be rendered inconvenient whilst the repairs, or demolition, are proceeding, hoards, or fences, must be put up to separate the premises from the street, with a convenient platform and hand-rail for the use of the public. This platform and hand-rail must be properly lighted at night, it must be kept in good condition, and be removed when required. There is a penalty for disobedience.

If any building material, or rubbish, is laid in the street, or any hole made there, the same must be properly fenced around, and lighted between sunset and sunrise. This obstruction in the street will not be allowed to continue for an unnecessary time.

If any building, or hole near any street, be dangerous to passengers, the same must be protected, repaired, or enclosed (The penalty as before.) All the above regulations are embodied in the Public Health Act, 1875.

The Metropolitan Building Act, 1855, created district surveyors for London, whose duty it is to supervise all dangerous buildings, and they may enter upon and inspect all such structures at all reasonable times. Dangerous structures must be surveyed and reported upon; if the report is unfavourable, the dangerous structure must be dealt with as already explained. If the structure is dangerous to its inmates, a justice of the peace may order them to be removed from it.

If there is a dispute between the owner and the local authority in the metropolis, the same may be referred to arbitration. The London Building Act, 1894, enacts that where a building is ruinous, or so dilapidated as to be unfit for use, or where from neglect it is prejudicial to the surrounding property and the neighbours, justices of the peace may order the owner to take down, repair, or rebuild such neglected structure, or to fence in the ground on which it stands.

DANGEROUS DRUGS CLAUSE.—At the request of the Home Office, marine insurance underwriters endeavour to prevent the insurance of illicit drugs. To this end, the following clause is inserted, or deemed to be incorporated, in every cargo policy and open cover:

"It is understood and agreed that no claim under this policy will be paid in respect of drugs to which the International Opium Convention of 1912 applies unless—

"(1) The drugs shall be expressly declared as such in the policy and the name of the country from which, and the name of the country to which they are consigned shall be specifically stated in the policy; and

"(2) The proof of loss is accompanied either by a licence, certificate, or authorization issued by the Government of the country to which the goods are consigned showing that the importation of the consignment into that country has been approved by that Government, or, alternatively, by a licence, certificate, or authorization issued by the Government of the country from which the drugs are consigned showing that the export of the consignment to the destination stated has been approved by that Government; and

"(3) The route by which the drugs were conveyed was usual and customary."

DANGEROUS GOODS.—Those who have to do with dangerous goods, whether by way of manufacture, storage, carriage, or sale, are under special liabilities, imposed by the law, to safeguard the public. The manufacture of certain classes of them, *e.g.* gunpowder and explosives, has been regulated by statute, and to manufacture them elsewhere than on premises duly authorised is an offence visited with severe penalties (See **GUNPOWDER AND EXPLOSIVES**). Apart, however, from statute, it is lawful for a man to manufacture and store on his land any substance he pleases, however dangerous. He incurs, however, this liability by so doing, that, if some mischief causes the dangerous goods to escape and do injury to a third party, the owner becomes liable in damages, though he has taken all possible precautions: for it is a well-settled rule of law that if a person brings on to his premises anything which will do damage if it escapes, he must

keep it in at his peril, *e.g.*, if acid is stored and escapes, doing damage to adjoining property, the owner will be held responsible without proof of any negligence. The liability of a person handing goods to a carrier, or selling them, is more stringent, for if a man entrusts to a carrier goods which he knows to be dangerous, it is his duty to warn the carrier of their nature, and if he does not, and injury results, he will be held responsible. Nor is it necessary that the injury should be occasioned to the carrier himself, for the duty to take care exists towards all persons to whom the carrier, relying on care being taken, may deliver the goods as fit and proper to be dealt with in the way in which it was the intention of the parties that the original contractor should himself deal with them. So, in a case where the defendant employed a railway carrier to forward for him by rail a carboy of nitric acid, without disclosing to him the dangerous nature of its contents, and the carrier delivered it to the plaintiff, the servant of another carrier, to carry it by road, and the plaintiff, ignorant of the contents of the carboy, carried it on his shoulder from one van to another, and while he was so doing, from some unexplained cause, the carboy burst, and the contents injured him, the defendant was held liable. The carriage of dangerous goods has also been dealt with by statute, for the Railway Clauses Consolidation Act, 1845, (a similar provision as to trainways being contained in the Trainways Act, 1870), requires persons sending by railway any aquafortis, oil of vitriol, gunpowder, lucifer matches, or other goods of a dangerous nature, to mark distinctly on the outside of the packages the nature of the goods, or to give notice in writing of the nature of the goods to the servants of the company with whom they are left. Contravention of these provisions with guilty knowledge renders offenders liable to forfeit £20 to the Company for each offence.

By the Merchant Shipping Act, 1894, no vessel is to carry dangerous goods (which term is defined to mean aquafortis, oil of vitriol, naphtha, benzene, gunpowder, lucifer matches, nitro-glycerine, petroleum, explosives within the Explosives Act, 1875, and any other goods which are of a dangerous nature), unless their nature and the particulars are distinctly marked on the outside of the package containing them. Severe penalties are imposed for breach of these provisions, and also for sending or attempting to send dangerous goods with a false description, or falsely describing the sender or carrier thereof. As regards the sale of dangerous goods, a purchaser who has been injured by goods which he has purchased, and which have proved to be in fact dangerous, has frequently a remedy in pursuance of a warranty implied by the Sale of Goods Act, 1893. Quite apart from warranty, however, if the purchaser can show that he was ignorant of the dangerous nature of the goods, while the seller knew of it and did not warn him, he can recover damages in tort, for the omission to warn him is regarded as negligence. A question sometimes arises—Can a third person, into whose hands the goods come, sue the original seller? It is clear that no action will lie in contract, for no one can sue on a contract who is not a party to it, but an action may sometimes be maintained in tort. Thus, where the defendant, a chemist, had sold to a man hairwash, knowing it to be intended for use by the man's wife, and the wash proved to be injurious, and caused injury to the wife, she was held to have a good cause of action against the

chemist, on the ground that he was under a duty towards her—for whose use, as he knew, the article was bought—to use ordinary skill and care in compounding it. In an American case, a drug dealer sold to a chemist belladonna, a poison, by mistake for dandelion, a useful drug. The chemist sold it to a country doctor, who in turn sold it to a patient, whose wife was rendered dangerously ill, and it was held that the patent was entitled to sue the drug dealer. The liability of those who sell, or give away, dangerous goods may, in fact, be summed up in the words of Lord Esher: "When one person supplies goods or machinery or the like for the purpose of their being used by another person under such circumstances that any one of ordinary sense would, if they thought, recognise at once that, unless he used ordinary care and skill with regard to the condition of the thing supplied or the mode of supplying it, there will be danger or injury to the person or property of him for whose use the thing is supplied, and who is to use it, a duty arises to use ordinary care and skill as to the condition or manner of supplying such thing, and for a neglect of such ordinary care and skill whereby injury happens, a legal liability arises to be enforced by an action for negligence."

DANGEROUS PERFORMANCES.—Any person who shall cause a child under fourteen years old to take part in a public performance must be very careful. The Children's Dangerous Performance Act of 1897 affixes a penalty not exceeding £10 if, in the opinion of justices of the peace, or of a stipendiary magistrate, the life or limbs of the child shall be endangered by such performance. If an accident occurs to such child during the performance, the employer may be indicted for assault, and compensation may be awarded to the child.

The protection has been extended to any male young person under the age of sixteen, and to any female young person under the age of eighteen. No prosecution shall be instituted without the written consent of the chief officer of police of the district, unless an accident, causing actual bodily harm, occurs no consent to prosecute is then necessary. The Education Act, 1921, has further extended the law. A local authority may make by-laws regulating the occupations of children and their hours of employment. A child must not lift, carry, or move anything so heavy as to be likely to cause injury, or be employed in any occupation likely to be injurious to his life, limbs, health, or education.

The Act gives power to magistrates to grant a licence to any child whose health and surrounding conditions warrants the grant and who is over twelve years of age and under sixteen to take part in an entertainment in premises duly licensed for entertainments, or in a circus, or to be trained for such purposes. It is an offence punishable by fine, or imprisonment, or both, to do the following: (1) to procure a boy under fourteen, or a girl under sixteen, to be in any street, or licensed premises for the sale of intoxicating liquor, for singing, playing or performing, or being exhibited for profit, between the hours of 9 p.m. and 6 a.m. (This does not apply to a place licensed for public entertainments), (2) to procure any child under the age of twelve to be in any street, licensed premises, or circus to which the public are admitted on payment, for the purpose of singing, playing, or performing, or being exhibited for profit, (3) to procure any child under the age of sixteen to be trained as an acrobat, con-

ortionist, or circus performer, or to be trained for any dangerous performance.

The Act does not apply to the following cases: an occasional entertainment for the benefit of a school or charity, so long as the terms of the Act are obeyed, where there has been a special exemption or licence by the local authority (See CHILDREN AND EMPLOYMENT).

DANGEROUS TRADES.—(See FACTORY AND WORKSHOP ACT.)

DANZIG.—The city of Danzig, situated near the bay of that name at the eastern end of the Baltic, is an old Hanseatic city, and immemorably the entrepôt for the trade between Northern Russia and Germany. It lies on the left bank of the western arm of the Vistula, about 5 miles from the coast, while the territory, of which it is the capital, separates East Prussia from the Polish Corridor (See map of GERMANY).

As the Vistula route and the port of Danzig are most important for the trade of inland Poland, the Poles made desperate efforts to include the Free City and adjacent territory in their confines, but the Treaty of Versailles decreed that Danzig and the surrounding territory, an area of 754 square miles, with an approximate population of 365,000, of which nearly 200,000 are centred in the city, should be a free state, under the protection of the League of Nations. The Free State was constituted on November 15th, 1920, and has a total boundary line of 147 miles, which includes 35 miles on the sea. It encloses four cities, 69 estate districts, and 252 rural communes.

The city is governed by an executive Senate and an elected Legislature of 120 members; and the harbour is administered by a mixed board of Poles and Danzigers under a neutral president. A resident High Commissioner represents the League of Nations. Poland controls and manages the railways, the river and the docks, the trade, and the relations between Danzig and foreign states. The import and export duties are the same as those of Poland, but free transit for Germany is guaranteed.

Danzig is intersected by the waters of the Mottlau and the Radanne, and on the banks of the former river docks and quays enable vessels of considerable size to load and unload in the very centre of the town. The principal port, however, is at Neufahrwasser, lying at the mouth of the Vistula. Here the harbour, with the adjoining canal, over 1,000 yards long, was constructed by the municipality at great expense in the middle of the nineteenth century. Rail and river connect the port with the town.

In economic matters Danzig is necessarily dependent on Poland, Russia, and Germany, and it is safe to say that having passed through the recent troublous times successfully, its future will be bright. Among the industries of the city are ship-building, manne, and other engineering works, locomotive and wagon works, chemical, glass, wire, paper, match, tobacco, oil, varnish, and other factories. The banking trade, a connecting link between Germany, Russia, and Poland, has long been great, and is likely to be larger in the future. Danzig's exports are mainly grain, timber, sugar, and eggs; and its imports, textiles, herrings, coal, machinery, fats, and foodstuffs.

DATA, COLLECTION AND DISSEMINATION OF.—Most business firms are constantly requiring information concerning the various activities and

markets in which they are engaged. Thus the collection and dissemination of data become a big problem in a modern business.

Practically, all sound business ideas find their way into print sooner or later, and thus become available for the consideration and use of those faced with similar problems. The art of printing has brought us to what might be described as the "Printing era." Publications have grown to cover almost every department of trade. While this dissemination of information renders a vast service to individual business communities, it is rapidly losing its value to business as a whole. Every day it becomes more and more essential to co-operate the various sources of information and to offer some system for collating information on every conceivable subject under its own specialized classification. As a matter of fact, a considerable basis for such a clearing house does exist in the form of many special libraries. It is not a stretch of imagination to say that the business man, to whom these facilities are extended, is often entirely ignorant even of their existence. There are many libraries dealing with highly specialized literature under the control of librarians who not only know all the sources of information on this particular subject, but can even produce books open to the required page.

Some of these special libraries are more or less private, but access to their contents can often be obtained. Amongst the libraries dealing with wider fields are the various Government departmental collections, Trade Association Libraries, Patent Office Library (for technical books), etc. Another point which is very little known is that many of the works of these special libraries are obtainable through local public libraries, and in all cases where the information sought is not actually in a book, the majority of libraries can give information which saves many hours of searching. It should also be noted that very careful indexing and classification is carried on in all the up-to-date special libraries. Titles, authors, and even sections and chapters of books are recorded in many catalogues. The libraries have studied the art of indexing to a very high degree. By using a system known as the Dewey Decimal System, it has been possible for many libraries to start a catalogue of subjects to which can be added any number of subdivisions at any time, without any re-arrangement. This system also ensures that all works on the same subject are always adjacent to each other in the catalogue whatever the date of their acquisition.

Another source of supply of information, which is extremely helpful, is the editorial departments of our trade press. Much valuable guidance can be obtained from this source, enabling the business man to obtain necessary data at the shortest notice. In addition there are several research organisations whose entire work is the collection and collation of business statistics and information. These firms exist to lift the task of searching from busy directors and departmental managers. They have a wide knowledge of every source of information and inside knowledge of libraries which enable them to go direct to the right source and obtain accurate and specific data in far less time than is possible to the uninitiated. It must be remembered that all information may not be quite what it seems, there are occasions when one can find what appears to be convincing information, only to discover that it is very much out of date. It is in

understanding such facts as these, that the business man is able to avoid many pitfalls in market reports and surveys. Not only information, but authentic information, is highly necessary to the business man, and many large firms employ a staff of highly skilled people to collect, classify, and judge the value of every particle of information which comes into their possession. The librarian in this case notifies them and places such data at their disposal immediately an inquiry comes to hand.

The question of collecting and disseminating information covers a very wide field. It is of interest, on the collection side, to Government departments, libraries, large business firms, international organisations, and even charitable organisations. On the dissemination side, it is of interest to libraries, publishers, Government departments, trade and technical associations. Its application is as wide as its interest, and the subject becomes an international problem.

DATE PALM.—The *Phoenix dactylifera*, a native of South-west Asia, North Africa, and South Europe. It grows to a height of 100 ft. There are numerous varieties. The dates form the principal food of the natives in many of the countries where they grow, and, when dried, are ground for future use, while those not required for home consumption are exported, the chief exporting countries being Egypt, Turkey, and Morocco. Rope is made from the fibre of the date palm, and its sap yields a sugar used in India, and also an intoxicating drink. Varieties of this palm are now found on the western coast of the United States and also in China.

DATING FORWARD.—In certain transactions for various reasons the true date of a document is not always inserted, but some date ahead is fixed upon by the parties, and the document is then supposed to speak from that date. Thus, a bill or a cheque is often dated forward, or post-dated, and the same thing is sometimes done with regard to an invoice for goods. The exact legal position of the parties in such a case is ascertained only when the date actually arrives.

DAY.—The period of twenty-four hours, generally understood, in the first instance, to signify the time between midnight upon two successive days. The law takes no notice of the fraction of a day. If, therefore, a certain thing cannot be done up to a certain day, the whole of the day must be allowed. Thus, rent is due upon a fixed day, but no distress (*q.v.*) can be levied until the succeeding day, i.e., the whole of the day upon which it is due must be allowed to pass. Similarly, when days of grace are to be calculated in connection with the payment of bills of exchange, no action can be taken on the bill until the third day of grace has passed. On the other hand, when a thing may be supposed to happen at any time during the day, it is not necessary to wait for the whole period to pass. Thus, a man completes his twenty-first year upon the day prior to the twenty-first anniversary of his birth. For all legal purposes this completion is effected at the first moment of the day, and, consequently, a man may be, in law, of age, nearly two whole days before he has actually lived for twenty-one years.

DAY BOOK.—In the article BOOKS OF ACCOUNT, a full description is given of this, and it is only necessary here to state that the name is often applied, though not correctly so, to the waste book, that in which the daily transactions of a business are recorded. In true book-keeping, it

signifies the sales book, in which the sales on credit are set out in chronological order. The name has also sometimes been given to the invoice book, i.e., the book in which all credit purchases are set out.

DAYLIGHT SAVING.—About the year 1907 the late Mr William Willett advocated the scheme of advancing the clock by an hour during the summer months, in order that the public might have the enjoyment of an additional daily period of daylight. After many years' discussion, an Act was passed in 1916—the Summer Time Act—by which the principle was adopted subject to Royal Proclamation. In 1917, upon a prescribed date, the clock was advanced by one hour, and the normal time restored at a later date. This practice was followed until after the end of the war, and was further prolonged by an Act of 1922, which specified that the period should begin at 2 o'clock in the morning of the day following the third Saturday in April, or if that day is Easter-Day, the day following the second Saturday, and should end at 2 o'clock in the morning of the day next following the third Saturday in September. This Act was to continue in force (unless otherwise determined) until the end of the year 1923, and no longer. The Act was renewed for 1924 and 1925, and was made permanent by a further Act which modified the length of the period by substituting the first Saturday in October for the third Saturday in September.

The principle of daylight saving has now been adopted by the majority of nations.

DAYS OF GRACE.—A bill of exchange that is drawn payable on demand becomes due directly it is presented. Again, a bill which is expressed to be payable at sight, or on presentation, or when no time for payment is fixed, is on the same footing. When, however, a bill is expressed to be payable at a certain number of days after sight, or after demand, or after presentation, or after the happening of a certain specified event which is certain to take place, the holder must present the bill to the drawee, and get the date of the acceptance appended. The time for payment is calculated from the date of acceptance; but in these cases, just as in those where a bill is drawn payable at a certain period after date, the due date, as calculated by the instrument itself, is not the real date of payment, but three days are added, and these days are called "days of grace." At first, there is no doubt that this extension of time was granted as a matter of courtesy, but now they are given by statute, as Section 14 of the Bills of Exchange Act, 1882, provides—

"Where a bill is not payable on demand, the day on which it falls due is determined as follows—

"(1) Three days, called days of grace, are, in every case where the bill itself does not otherwise provide, added to the time of payment as fixed by the bill, and the bill is due and payable on the last day of grace: Provided that—

"(a) When the last day of grace falls on Sunday, Christmas Day, Good Friday, or a day appointed by Royal proclamation as a public fast or thanksgiving day, the bill is, except in the case hereinafter provided for, due and payable on the preceding business day,

"(b) When the last day of grace is a bank holiday (other than Christmas Day or Good Friday) under the Bank Holidays Act, 1871, and Acts amending or extending it, or when the last day of grace is a Sunday and the

second day of grace is a Bank Holiday, the bill is due and payable on the succeeding business day.

"(2) Where a bill is payable at a fixed period after date, after sight, or after the happening of a specified event, the time of payment is determined by excluding the day from which the time is to begin to run and by including the day of payment.

"(3) Where a bill is payable at a fixed period after sight, the time begins to run from the date of the acceptance if the bill be accepted, and from the date of noting or protest if the bill be noted or protested for non-acceptance, or for non-delivery.

"(4) The term 'month' in a bill means calendar month."

As mistakes frequently arise as to the calculation of the date of payment, it is frequently inserted on the bill, as soon as it can be ascertained. If the bill is payable a certain number of days after date, the date of payment is known at once. If it is expressed to be payable a certain number of days after demand, or sight, or presentation, the date of acceptance governs the whole. If, however, the bill is not accepted on first presentation, the time commences to run from the date of the noting for non-acceptance, and if subsequently accepted, the holder is entitled to calculate from the date of first presentation. In order to avoid any mistake as to Sundays, it is advisable to consult a calendar. The due date is of the utmost importance when it becomes necessary to consider whether action at law is to be taken, and it must be remembered that no right of action accrues until after the expiration of the whole of the third day of grace, unless the bill has been previously dishonoured by non-acceptance.

In calculating the due date, it is necessary to recollect the provision contained in the last subsection, because at common law a month always meant a lunar month. The word as applied to bills of exchange means a calendar month. A bill drawn payable thirty days after date and dated February 1st is due on March 5th or 6th, according as the year is or is not a leap year. A similar bill drawn payable one month after date is due on March 4th. If, however, any of these dates in March happens to fall on a Sunday, or a day appointed as a public fast or thanksgiving day, the due date of payment is advanced to the preceding business day. Similar calculations will have to be made as to the due date if the bill becomes due on such a date as to fall within the other proviso of the section quoted above. Again, a bill dated on January 1st and payable thirty days after date, subject to the proviso stated, is due on February 3rd. A bill dated November 28th and payable three months after date is due on March 3rd, although in leap year the date would be advanced to March 2nd, and a bill dated January 28th, 29th, 30th, or 31st, and payable a month after date, is due on March 3rd, except that in leap year the first-named would become due on March 2nd.

Days of grace are allowed upon promissory notes just as upon bills of exchange, and if the payment of a bill or of a promissory note is to be made by stated instalments, the three days of grace are allowed upon each instalment. There are no days of grace in the case of cheques.

When a bill is drawn in one country and is payable in another, the date of payment is calculated according to the law of the country in which the

bill is payable. If, therefore, an English bill is payable in a country which does not allow days of grace, the date of payment is fixed by the instrument, but if a foreign bill is payable in England, three days of grace are allowed, unless the bill is one of the class which do not allow days of grace. It may be noted that days of grace are not allowed in France, Germany, Russia, Norway, Sweden, Denmark, Holland, Belgium, and Italy. In Canada three days are allowed, but in the United States the number varies.

In any case, it is quite possible for a bill or a promissory note to be drawn without any days of grace being allowed. This, however, must be clearly indicated upon the instrument itself, as no extraneous evidence is admissible to vary the document. The usual way to indicate this exception is to mark the bill or promissory note "without grace" or "without days of grace," or "on (date) fixed."

In the case of premiums on insurance policies the days of grace are usually fourteen or fifteen for Fire and Accident policies running for not less than twelve months. If a loss under a Fire or Accident policy arises during the days of grace, while the premium is still unpaid, it is the custom to admit the claim provided it was the intention of the insured to renew the policy.

For life assurance premiums a calendar month, or thirty days, are generally allowed. If death occurs during the days of grace before payment of the premium due, it can still be paid during the days of grace and will then be deemed to have been paid on the due date, unless otherwise provided in the policy.

There are no days of grace in marine insurance as the policies are not renewable.

Days of grace for insurance premiums are allowed only by courtesy and custom, and not as a matter of right unless specially provided for in the policy.

DAY TO DAY LOANS.—Also spoken of as "day to day money" and "call money." Bankers have frequently considerable sums of money on hand which they do not require to keep in their tills or to deposit with the Bank of England, but which they do not care to lock up for any period, in case some sudden emergency should arise. Instead, then, of allowing this money to lie idle, it is lent out to billbrokers, stockbrokers, and others at a fixed rate of interest for a single day, on the distinct understanding that it can be called in, if required, at a moment's notice. As the main object of the banker is to lend simply on short notice, and if he is satisfied that the money can always be called in at once, these day to day loans are frequently continued and extend over a considerable time, but always on the understanding that the loans are, as it were, made freshly every day. The price paid for them, that is the rate of interest charged, depends upon the relative plenty of money in the banks as compared with the demand on the part of the broker to buy traders' bills. The banker calculates approximately early in the morning, after allowing for funds to be received and to be paid away, how much he will have left to lend.

When trade is brisk or large calls are being paid on a new issue or income tax is being paid at the end of the financial year, money is "short." Lenders will hold off and exact higher prices and borrowers will have to compete and pay more. There is a constant competition between bankers to lend

at the highest rates and between brokers to borrow at the lowest. Frequently the papers report a change of conditions during the day. A banker finding his funds left on his hands because he tried to exact too high a rate has to release them at a lower price later in the afternoon rather than let them be completely unproductive. Money is plentiful and cheap when trade is slack or there are no new loans or there have been large disbursements of interest by the Government.

DEAD ACCOUNT.—This is a term applied in banking to an account which is no longer operated upon by a customer. It is more especially applicable to the money, stock, and other securities which stand to the credit of a deceased person who has dealt with the bank during his lifetime. The death of a customer revokes the banker's authority, and no dealing is possible with the account until a representative of the deceased, executor or administrator has been appointed. Legally, a banker would be entitled after six years to claim as his own the property in his possession. This is by reason of the Statute of Limitations. In practice, however, he is always ready to restore it to any person who can make out a legal title. (See UNCLAIMED BALANCES.)

The term is also met with in book-keeping, and then it signifies an account which deals with things as distinguished from persons, such as petty cash account, charges account, goods account, etc.

DEAD FREIGHT.—The expression "dead freight" is used to denote the compensation payable to the shipowner when the charterer has failed to ship a full cargo. It may be payable at an agreed rate, but more generally its amount has to be assessed by ascertaining the loss actually sustained by the shipowner, after taking into account the further expenses he would have been put to if the whole cargo had been shipped. The shipowner has no lien for this compensation apart from express contract, nor will such a lien be given him except by clear words. It is clearly beyond the master's authority, in hiring another ship, to bind the merchant to pay for dead freight. Where a port of loading is named, under a charter for a full cargo, and the amount of freight depends upon the amount of cargo carried, the charterers cannot order the vessel to a port at which she cannot load a full cargo, owing to a bar which will have to be crossed. The liens given by the charter party for dead freight and demurrage cannot generally be maintained as against shippers or assignees for value, unless the bills of lading expressly incorporate those terms of the charter party. When the bill of lading expresses that the consignee is to pay "freight and all other conditions as per charter party," the conditions of paying the dead freight and demurrage due under the charter before getting delivery are brought in and the liens are preserved. If, however, it is provided by the bill of lading that freight shall be paid, or that the goods shall be paid for, "as per charter party," the lien given by the charter party does not attach for other dead freight or demurrage, as against bill of lading holders who are strangers to the charter party.

DEAD LETTER.—An undelivered and unclaimed letter. If a letter is imperfectly or improperly addressed, and there is no clear knowledge as to the real name and address of the person to whom it is sent, it is forwarded to the Dead Letter Office, Department of the General Post Office, situated at Mount Pleasant, London, E C 1, where it is opened and returned to the sender if his or her name and

address can be found. If the sender is undiscoverable in this way, the letter is ultimately destroyed.

DEAD LETTER OFFICE.—(See DEAD LETTER.)

DEAD LOAN.—If money is lent for an undefined period, or if it is not repaid to the lender at the time agreed upon, it is generally spoken of as a dead loan.

DEAD RECKONING.—The calculation made of a ship's position at sea by means of the compass and log line. The former serves to point out the course on which the vessel is sailing, the latter the actual distance run. By making proper allowances, which are generally well-known, for the variations of the compass, currents, etc., it is possible to ascertain, with a fair degree of accuracy, the position in any part of the world without any other observations.

DEAD RENT.—In mining leases there is very frequently a stipulation that the rent which is to be paid shall depend upon the quantity of minerals raised and the prices which they fetch. Obviously if the mine ceased to be worked through any cause, the mining rent, or royalty, would be reduced to zero. It is to escape from this contingency that, instead of calculating the rent exclusively upon a royalty basis, a certain fixed rent is made payable in any event, whether the mine is worked or not. This is known as dead rent.

DEAD SECURITY.—This means a security that cannot be converted into money. The name is generally given by financiers to collieries, mills, manufactories, landed property, mines, machinery, and such properties which are absolutely worthless as securities unless they are worked.

DEAD STOCK.—This term is used to describe the stock of a shopkeeper which, owing to the introduction of a better article at the same or a cheaper price, or a change of fashion rendering the article obsolete, or for similar reasons, becomes unsaleable. It is one of the chief problems of the shopkeeper to keep stock "moving" and to prevent the accumulation of goods of doubtful sale value after the lapse of time.

DEAD WEIGHT.—A statement in a charter party that a ship is of a specified register tonnage is a matter of description, and is not a warranty that she is of that exact tonnage. If the misdescription is very gross, it may be evidence of fraud, or possibly the charterer may refuse to load the vessel on the ground that she is not the thing he bargained to have, but if the description is practically complied with, the charterer is bound to accept her. The number of tons of 20 cwt. a vessel will lift is called her "dead-weight capacity," "dead weight," "draw," or "capacity." "Capacity" is also applied to the "room" or number of cubic feet available for stowage in the holds of a ship, which may differ materially from the weight she can lift without putting her load-line under water. A guarantee by a shipowner of a ship's carrying capacity being so much "dead weight" is a guarantee of the vessel's carrying capacity with reference to the contemplated voyage and the description of the cargo proposed to be shipped, so far as that description was made known to the owner.

DEALER AIDS.—"Dealer Aids" are methods and contrivances of manufacturers to obtain larger markets for their commodities, by giving assistance to retailers in selling them. Though they have been used by some firms for many years, they are of especial interest at the time of writing, not only

because of their rapidly increasing popularity, but because they also express the most modern theories of salesmanship and advertising.

Probably, the first idea of brand-making by advertising was that publicity helped business in its appeal to the ultimate consumer, but the essential part of selling lay in the traveller's appeal to the retailer.

The advance upon this was the theory (which was really an overstatement of the truth) that advertising made the firm independent of the retailer's opinions and strong enough to bring business results whatever he thought or wished.

A more modern view was that the full benefits of advertising could not be secured unless the goodwill of the retailer were obtained, and that it was a suicidal policy to attempt to fix prices and conditions that had not the broad approval of the retail trade.

The latest development of all is, that, as these are now so many brands and such intense competition between advertisers, the really effective way of getting results is for the manufacturer to combine with the retailer and give him as many aids and helps as it is possible to give.

Though these stages are set out in this way, they must not be regarded as chronological of methods, rather, they are presented as showing the average trend of thought among brand makers.

Among the first dealer aids that occur to the mind are those models and shop advertisements that are helpful in an ornamental rather than a practical way. Little statuettes of the mascot whose picture appears in the underwear or breakfast food publicity announcements, show-cards, shelf-edging, ornamental lettering, and signs for the windows and walls, are good instances.

Calendars, desk pads, memorandum books, and billheads, are in a slightly different class, as they have use as well as ornament, and serve as reminders to the man who uses them.

A further step forward, however, is taken when the manufacturer supplies window displays, often set-pieces, easy to arrange and attractive in themselves.

Many firms who deal with chemists are masters of the art of attractive window scenes. Toilet commodities and toothpaste are favourite subjects here.

Another kind of dealer aid is the article of furniture or service, useful to the shopkeeper and advertising a brand.

Biscuit manufacturers were early in the field with these, and large numbers of retail grocers display three-tier mahogany, marble-topped cases, capable of holding twelve or more tins of biscuits already open, and protected with easily-moved glass covers.

These articles of service and ornament are usually supplied by the firm under cost, in order to encourage trade in their own special brands.

Confectionery, tobacco, and other firms supply cases of different kinds, with the same object in view, while cutlery and fancy goods dealers offer their customers handy counter trays and stands, either free or for a small charge. Display boards for such commodities as bath-room fixtures greatly assist the sale of goods.

Supplying samples through a selected district is now generally carried out in connection with one or more local retailers, and frequently, where beverages and meat and vegetable extracts are being

advertised, freshly-made samples are given to those who enter the shop.

Canvassers, paid by the manufacturer, take orders from door to door for goods that the local retailer supplies, or upon which he receives a commission.

Some manufacturers find it a good way to gain an entry to trade to bind themselves more or less rigidly to selected retailers, and to advertise not only their own goods but the names of the selected retail agents as well.

Another form of dealer-aid is to give assistance in the retailer's own advertising, by supplying process blocks and other matter for the newspaper press and price lists. One large retailer has stated that by working with a few selected supplying-houses in this way, he is able materially to reduce the cost of his publicity.

National advertisers are not always able to offer quite as individualised assistance to the retailers as the new firm can do, for they dare not give special rights to selected firms that they will not offer to all, but the firm that is using publicity in a more limited or particularised manner is especially attracted by the prospects that open out from what really amounts to a partnership of effort and profit with a more limited range of buyers.

DEALS.—Boards of fir or pine wood, measuring commercially 3 in. in thickness and 9 in. in width. They are obtained from the Baltic ports.

DEAR MONEY.—Money is said to be "dear" when the floating supply is scarce and advances are unobtainable, even on the very best securities, except at a high rate of interest, owing to the pressure in the money market, or a high bank rate (Compare **CHEAP MONEY**).

DEATH DUTIES.—(See **ESTATE DUTY, EXECUTOR, LEGACY DUTY, SUCCESSION DUTY**.)

DEATHS, REGISTRATION OF.—(See **BIRTHS AND DEATHS REGISTRATION**.)

DEBATE, RULES OF.—In many cases special rules are prescribed as to the conduct of meetings, and these must be strictly adhered to. In the absence of such rules, however, the following may be usefully applied—

(1) Every motion should be taken in the order in which it is set out in the agenda paper, and no exception should be allowed unless there are special reasons and the meeting consents to the course being adopted.

(2) Every motion and any amendments thereto, except a formal motion (*e.g.*, "that the question be now put"), should be in writing, signed by the mover, and, where it is customary, duly proposed and seconded.

(3) When a motion is once before the meeting it is in the custody of the meeting, and should not be withdrawn without the meeting's consent. Such withdrawal must be made before the motion is put to the vote. The mover of the motion should not apply for its withdrawal unless he has obtained the consent of the seconder. Every motion must be relevant to the business under consideration and within the scope of the notice of the meeting.

Unless the articles or the regulations so require, it is not imperative that motions or amendments should be seconded. There is no law which prevents a motion or an amendment thereto being put, unless it is seconded.

Amendments may be moved to a motion after it has been moved and seconded, and before it has been put to the meeting.

(4) When an amendment has been put and

carried, it supersedes the original motion, and must be put again in the amended form as a substantive motion, to which amendments may be moved in the ordinary way.

(5) It is not desirable to have more than one amendment before a meeting at the same time.

(6) Voting should be, in the first instance, by a show of hands, the demand for a poll should be subject to some minimum of support.

(7) The chairman must have, subject to the control of the meeting, the right to determine the order in which the intending speakers shall address the meeting. Subject to the closure and also at the discretion of the chairman, every person has generally the right to speak once, but once only, to any motion or amendment, with the exception of the mover, who has usually the right to a brief reply. It is the better practice to allow speakers for and against a motion to be heard alternately. Any person may speak only once, except to move a formal motion (*e.g.*, that the question be now put), to ask a question, to raise a point of order; or to make a short personal explanation.

(8) In speaking, each speaker should address and face the chair and remain standing whilst speaking. In committees, members generally remain seated whilst addressing the chair.

(9) Debate must be relevant to the subject under discussion, and must relate to something before the meeting in reference to a motion, amendment, or point of order.

(10) All appeals on points of order should be made to the chairman, whose decision thereon must be unquestioned, and regarded as final and binding on the meeting.

(11) At company meetings the customary forms of interruption are—

(a) To amend a motion;

(b) To adjourn;

(c) To postpone a decision, and, *rarely*,

(d) To closure the debate. The "previous question" moved for the purpose of evading discussion is rarely made use of, and should not be encouraged.

Such motions can usually be moved at the conclusion of the speech of any member of the meeting and are generally moved with the briefest accompanying remarks (if any).

(12) No motion to rescind any resolution should be allowed at the meeting at which such resolution was adopted; and it is usual to allow for the expiration of (say) six months before a motion for rescission may be moved, of which due and adequate notice must be given.

(13) Questions to officers of the company may, with the permission (express or implied) of the meeting, be put. Matters of importance should be put to such officers through the chairman, and such procedure in general should be adopted.

(14) It is not desirable, in any circumstances, for paid officers to take part in discussion at a meeting, especially when there is difference of opinion.

(See **COMMITTEE AND COMMITTEE MEETINGS**.)

DEBENTURE BONDS.—These are debentures which are generally redeemable at the end of a specified period. (See also **AMERICAN SECURITIES**.)

DEBENTURE, CUSTOMS.—(See **CUSTOMS DEBENTURE**.)

DEBENTURE INTEREST COUPON.—(See **DEBENTURES INTEREST COUPON**.)

DEBENTURE REGISTER.—(See **REGISTER OF DEBENTURE HOLDERS**.)

DEBENTURES.—The term "debenture" is one of an extremely wide signification, but in its commonest acceptation it signifies some form of security given by a company or a body of persons in return for money advanced by way of loan. It is derived from the Latin *debeo*, "I owe."

General Powers of Borrowing. The mere fact of trading does, generally speaking, confer a right of borrowing money for the interests and in connection with the business, and, therefore, it is not absolutely essential that borrowing powers should be given by the memorandum or by the articles of association. Still, it is always advisable that provision should be made for borrowing, and that there should be conferred upon the company the right to charge some portion of its undertaking as a security for the money advanced.

Borrowing by Company or Corporation. The powers of borrowing of a joint-stock company engaged in trading must be carefully distinguished from the powers possessed by a corporation or body not engaged in trade. As pointed out above, a trading concern may always borrow without special powers; a corporation is bound by its charter, and any attempt to borrow beyond what is allowed is an act *ultra vires* (q.v.). When a company is established or incorporated by Act of Parliament, its borrowing powers are invariably limited by its special Act.

Powers under Articles. It is advisable, however, in all cases that the memorandum or articles should contain clauses relating to the borrowing powers which the company is to enjoy, and the nature of the security which is to be given when these powers are exercised. If the memorandum and articles are silent upon the subject, a special resolution is necessary before debentures can be issued. These borrowing powers are invariably exercised by the directors of the company. If the directors exceed their powers, the act is *ultra vires* (q.v.) the company, and the lender has no right to reclaim his money. Even the security which he may have received is void. It is the duty of the lender to inquire into, and to know, what are the exact powers of the company, and if he fails to do so he has only himself to blame if he is a total loser, but such a lender has a right of action against the directors personally as for breach of an implied warranty of authority. But the lender is not bound to see to the application of the money which he advances, and if he does so he is able to rely upon his security, since the loan itself was quite valid.

Security for Debentures. In regard to the security given, the directors can charge any part of the assets of the company with the exception of uncalled capital. The uncalled capital can be charged only if there is a special power given in the memorandum or the articles, and even then the power does not extend to that part of the capital which has been constituted a reserve liability (q.v.) and which can be called up, only under Section 59 of the Companies (Consolidation) Act of 1908, in the event of and for the purposes of the company being wound up.

Mode of Borrowing. Unless expressly restrained by the articles of association, a company is entitled to borrow money in the same way as an ordinary individual, for example, it can borrow upon bills of exchange or promissory notes, or by obtaining an overdraft from its bankers. This is simply an incident of the business, but there are other

ways of raising money for the benefit of the company and these generally consist in—

(a) A mortgage or charge for the purpose of securing any issue of debentures.

(b) A mortgage or charge on uncalled share capital of the company (subject to what has been already said).

(c) A mortgage or charge created or evidenced by an instrument which, if created by an individual, would require registration as a bill of sale.

(d) A mortgage or charge on any land, wherever situate, or any interest therein.

(e) A mortgage or charge on any book debts of the company.

(f) A floating charge on the undertaking or property of the company.

It will be obvious, therefore, that a company is enabled to mortgage any part of its real property, either by a legal or an equitable mortgage, and to execute a mortgage of its chattels in the same manner as an individual, by means of a bill of sale, but the most common way adopted by a company for raising money is to create debentures, and these alone need special consideration when dealing with companies and company law.

Definition and Characteristics of Debentures. In form, a debenture is a charge or mortgage upon the undertaking or property of a company, bearing a fixed rate of interest, and either repayable within a fixed term of years, or irredeemable during the existence of the company. A person to whom the interest and the principal money are secured is called a debenture holder. There is no precise definition of what a debenture is, and the term is not a technical one. It has been judicially observed, "I cannot find any precise legal definition of the term. It is not either in law or commerce a strictly technical term, or what is called a term of art." Debenture has been applied to describe such an instrument as a railway mortgage or bond, and also a personal security, e.g., the Druce bonds. The last named, however, can have little or nothing in common with a debenture secured by mortgage, either from the point of value or from the point of the legal rights and remedies available to the debenture holder.

Forms of Debentures. There are many forms of debentures, but, speaking generally, they may be divided into two classes. The first is mortgage debentures, which give a charge over a part or over the whole of the assets of the company, and the second is debentures which give no charge at all, but simply consist in a promise to pay a sum of money in consideration of a loan made to the company. The former is much more common than the latter. There is also another division, a very simple one, into debentures which are registered in the company's books, and debentures of which the rights pass by delivery. The first are known as "registered debentures" and the other class as "debentures to bearer." It has been judicially decided that debentures to bearer are negotiable instruments, in the full sense of the term, by the general custom of merchants.

In *Lemon v. Austin Friars Investment Trust*, 1925, WN 203 the term "debenture" was held to include an "Income Stock Certificate" which conferred a charge upon future profits. It was also stated in this case that the usual characteristics of a debenture are: (1) It is generally one of a series issued by a company; (2) document under seal; (3) provides for repayment with interest; and (4)

Dated the 1st day of January, 19..

**THE A.B. COMPANY,
LIMITED**

DEBENTURE

FOR

£100

Bearing interest at the rate of five
per centum per annum.

£100

usually confers the benefit of a charge. But all these characteristics need not be present to constitute a debenture. For example, it need not be sealed nor is a provision for either repayment of the principal sum or the payment of interest an essential condition. Further, a debenture need not necessarily confer a charge. The one essential condition is that the instrument must acknowledge a debt.

Registered Debentures and Debentures to Bearer. Registered debentures are expressed to be payable to the registered holders of them. If any change is to take place in the ownership, the debentures must be transferred as shares or stock, and the instrument of transfer must also be registered with the company. Debentures to bearer are payable to the bearer thereof, and are transferable by delivery. No holder is registered, and, therefore, the transfer stamp duty is avoided, as in the case of share warrants. But, upon issue, debentures to bearer require to be stamped at the rate of 40s per cent. on the amount secured by them, calculated upon multiples of £10, whereas registered debentures, being liable to transfer duty, are stamped only at the rate of 2s 6d per cent., with certain gradations, as shown below.

Debentures and Debenture Stock. There is often a distinction made between debentures and debenture stock. In reality the holders of debentures stand in very much the same position as the holders of debenture stock. The difference consists mainly in the mode of transfer. Ordinarily debenture bonds are transferable only in their entirety, debenture stock may be transferred in whole or in part, provided that such part does not involve a fraction of a stated amount. Debenture stock is frequently made transferable in multiples of £10. There are also other peculiarities of transfer, the main object being to secure identification.

Issue of Debentures. When the directors of a company have resolved to issue debentures, an invitation is made to the public to subscribe for the same. The issue of debentures is so extremely common, and the fact is so generally notified in the public press, that the reader can easily supply himself with particulars as to the intended issue and the conditions which are imposed. It will be found in almost every case that a fixed rate of interest is payable, and the payment of this interest will form a first charge upon the profits and assets of the company, subject to what is stated hereafter. Since debentures are a debt created by the company, the money raised by them forms no part of the capital of the company. It has been decided over and over again that debentures may be issued at a discount, thus making a great distinction between their issue and the issue of the share capital of the company. When a company is particularly successful its debentures, if any are issued, are eagerly sought for by the investing public, as offering a secure return for the money advanced. The application for, and the allotment of, debentures follow the same lines as those adopted in the case of the application for and the allotment of shares. The advantage to the company is often very great. A company may be making an excellent profit on its capital, and may see a favourable opportunity of increasing its turnover if it is supplied with additional funds. If the financial position of the company is sound, these additional funds are obtained by guaranteeing a small rate of interest,

and a profitable use of the money advanced will greatly increase the dividends of the ordinary shareholders.

When the application for debentures is satisfactory, and the persons who have applied are accepted as debenture holders, a document is issued by the company which sets out the terms of the contract entered into between the parties, and the conditions of the issue are invariably indorsed upon it. The precise nature of the bond will depend upon the nature of the business carried on by the company, and the peculiar circumstances of the case. If the debentures are issued under seal, there is no need to set forth the consideration, but unless they are created by deed the consideration must be stated.

Specimen of Mortgage Debenture. The common form of a mortgage debenture payable to a registered holder is given as an inset.

Although the clauses set out in the indorsement of the debenture which is given as a specimen are the general ones, they do not pretend to be exhaustive. Parties are free to contract in whatever terms they please, so long as they are acting legally, and if any additional terms are added they must be complied with. It is not uncommon, when there is a trust deed, for an additional clause to provide for the registered holder having the benefit of such deed, the outlines of which will, of course, be given. If the company charges its property generally, and not merely a portion of its immovable property, the third clause of the front part of the debenture will run somewhat as follows—

The Company doth hereby charge with such payment its undertaking and all its property whatsoever and wheresoever, both present and future.

The clause must be still further amplified if the uncalled capital is to form a part of the security.

Debentures require to be stamped, and the rate of duty is fixed by the Finance Act, 1899. It is as follows—

Where the amount secured does not exceed	£	s	d
Exceeds	£10	0	3
Exceeds	£25	0	8
"	£50	"	1 3
"	£100	"	2 6
"	£150	"	3 9
"	£200	"	5 0
"	£250	"	6 3
"	£300	"	7 6

and an additional stamp duty of 2s 6d for every £100 or fractional part of £100 after £300.

Debenture to Bearer. There is very little difference between the form of a debenture issued to a registered holder and a debenture to bearer. The latter, however, generally contains a statement to the effect that payment of the amount of the debenture will be made, subject to any conditions indorsed on the debenture form, to the bearer upon presentation. A debenture to bearer has, in the majority of cases, coupons attached to it for the payment of interest, and the document will then also stipulate that the interest on the money will be paid to the person presenting the coupons, in accordance with the terms annexed to the coupons. The conditions indorsed on the debenture will also vary considerably from those on the debenture bond of a registered holder, but the general omissions are so obvious that they need not be more particularly noticed. The stamp duty is 40s. per cent., calculated upon multiples of £10. Thus, on a £10 debenture, or part of £10, the stamp

is 4s. A lower scale of duty is chargeable upon short term debentures, *e.g.* for periods not more than three years.

Perpetual or Irredeemable Debentures. The person who advances his money usually wishes, as in the case of a mortgage to an individual, to have some certainty as to the date of the repayment of the money advanced. Debentures have often a condition attached to them that repayment shall be made at a fixed time. But, by the Companies Act, 1907, it was made possible for a company to issue perpetual or irredeemable debentures. The section of the Act of 1907 was replaced by Section 103 of the Act of 1908.

Re-issue. Another innovation of the Act of 1907 had reference to the re-issue of redeemed debentures. The statutory provisions as to this matter are now contained in the most concise form in Section 104 of the Act of 1908.

Specific Performance. When a person has contracted with a company to take debentures or debenture stock, he is now empowered to institute an action for specific performance (*q.v.*) if the debentures are not issued to him. This, again, was an innovation made by the Companies Act, 1907, since replaced by Section 105 of the Act of 1908.

Security. For the greater security and protection of the debenture holders, the property of the company is frequently conveyed, in whole or in part, by way of mortgage to be held by trustees in trust for the debenture holders. The deed by means of which this is effected is called a "covering," or a "trust" deed. If such a deed is in existence, the debentures themselves should contain a condition incorporating its terms by reference. The form of the deed will depend entirely upon the special circumstances of the case.

Floating Charge. When the covering or trust deed conveys immovable property to the trustees, there is little difficulty connected with the matter; but it is a totally different affair when the company seeks to charge such things as stock-in-trade, book debts, etc., as security for debentures. This kind of charge is generally effected by what is known as a "floating charge." Under such a charge the company is able to deal with its movable property in the ordinary course of business, so long as it is a going concern, which it could not strictly do in the absence of the power; but as soon as a receiver (*q.v.*) is appointed, or the business of the company comes to a standstill, or there is a winding-up, the charge crystallises and becomes enforceable. In a well-known case it has been said: "A floating security is an equitable charge on the assets for the time being of a going concern; it attaches to the subject charged in the varying condition it happens to be from time to time. It is of the essence of such a charge that it remains dormant until the undertaking charged ceases to be a going concern, or until the person in whose favour the charge is created intervenes. His right to intervene may, of course, be suspended by agreement, but if there is no agreement for suspension, he may exercise his right whenever he pleases after default." Thus, for instance, when a company is carrying on business, and no receiver has been appointed, or no winding-up order made, the fact that there is a floating charge does not give the debenture holder the right to require that any particular debt owing to the company shall be paid to him; and again, if a debt owing to the company

has been garnished, the garnishee (*q.v.*) cannot refuse to pay the judgment creditor, because he is aware that the company has issued debentures. The creation of a floating charge does not necessarily prevent a company from creating specific charges on specific assets, having priority over the debentures, unless there is a clause to that effect in the indenture, as shown in Clause 2 of the specimen. Moreover, the holder of a debenture creating a floating charge is entitled to issue a writ for the protection of his interest before the principal money secured by the debenture has become payable; and if, when the case comes on for hearing, the money has become due or the security has crystallised, the court has jurisdiction to make an order for realisation of the security, and, so far as is necessary, for foreclosure.

Priorities. The object in securing debentures is to gain priority in case the company is wound up. There are certain charges, however, which have priority even over debentures, *e.g.*, a landlord who distrains for rent, a judgment creditor who actually seizes and sells property covered by the floating charge, and certain claimants in winding-up. Again, where a company is being wound up, a floating charge on the undertaking or property of the company created within three months of the commencement of the winding-up will, unless it is proved that the company immediately after the creation of the charge was solvent, be invalid, except to the amount of any cash paid to the company at the time of or subsequently to the creation of, and in consideration for, the charge, together with interest on that amount at the rate of 5 per cent per annum.

Registration of Debentures. All debentures must be entered on the register of the company, but they are expressly excluded from registration as bills of sale. (There are two classes of registers. One is kept by the Registrar of Joint-Stock Companies under Section 93, and the other by the company under Section 100 of the 1908 Act.) This register of mortgages and charges is a public one, and any person is entitled to inspect it on payment of a fee of 1s. An omission to register the charge within the prescribed time renders it void as regards the property comprised in it, though the omission does not invalidate the covenant to pay the debt, and, in fact, the money secured by the mortgage or charge immediately becomes payable. (See Sect. 93 of the 1908 Act.) Failure to keep a proper register of mortgages and charges renders the directors liable to heavy penalties, though the court may, in certain cases, give relief when it is clear that the absence of registration is able to be explained. Its existence is of great value to the public, and its contents make clear the nature and the order of the secured debts of the company. The register was established by the Companies Act, 1862, but as it was held that failure to register mortgages and charges did not invalidate those mortgages and charges, it did not serve any useful purpose until the passing of the Companies Act, 1900, which made void every charge not entered therein. The provisions of the Act of 1900, together with the amendment of the Act of 1907, are now reproduced in Sections 93-102 of the Act of 1908, to which reference should be made for full particulars. (See MORTGAGES, REGISTRATION OF.)

Transfer. Debentures which are debentures to bearer are transferable by delivery; but debentures which are debentures to registered holders are only

transferable according to the conditions which are indorsed upon the debenture bond. If no particular mode of transfer is indicated, they are transferable in the same way as an ordinary chose in action, that is, by means of a written notice given to the company, and by a document in writing signed by the transferor. A common form of transfer is shown as an inset. Another form frequently used runs as follows—

I, A B, of . . . , in consideration of the sum of £ paid to me by C D, of Do hereby transfer to the said C D, his Executors, Administrators, and Assigns, certain Registered per cent Debenture Bonds made by the X Y Company, Limited, to me, and dated the day of . . . , 19 . . . , the said Debenture securing the sum of £ and interest, and all my right, estate, and interest in and to the money thereby secured on the properties and securities thereby assigned.

In Witness whereof I have hereunto set my hand and seal this . . . day of . . . , 19

Signed, sealed, and delivered by the above-named

A B (L S)
in the presence of
Signature
Address
Occupation . . .

Signed, sealed, and delivered by the above-named

C D (L S)
in the presence of
Signature
Occupation

The stamp duty chargeable is the same as upon a transfer of shares. The customary fee of 2s 6d is charged by companies on the registration of a transfer of debentures, in the same way as transfers on shares.

Remedies of Debenture Holders. Just as a mortgagee has a right to demand back his money under certain conditions, and, if he is not paid, to realise his security, so a debenture holder who fails to obtain the payment of his interest regularly is entitled to pursue certain remedies for his own benefit and for the benefit of his fellow debenture holders. The conditions under which a debenture holder is entitled to enforce his security are indorsed on the debenture, and they also depend to a certain extent upon the trust deed which secures the debentures. But the rights of a debenture holder are generally one of the following—

(a) To sue the company for the repayment of the principal and the interest due upon the debentures,

(b) To present a petition for winding-up the company,

(c) To prove for the debt in the winding-up,

(d) To appoint a receiver

The last of these is that most frequently resorted to by the debenture holder, because a company may be merely in temporary difficulties from which a little judicious management may extricate it. And it will generally happen that the security is good enough to allow of the business being carried on without any undue risk to that security. The right to appoint a receiver must be given by the indorsed conditions. There are other rights which a debenture holder may enjoy under his contract,

especially those of sale or foreclosure. These, however, present difficulties of a technical character, and it is best to rely upon the appointment of a receiver in the first instance.

Appointment of Receiver. A receiver (*qv*) may be appointed by the debenture holders, and it will depend upon the conditions whether he is the agent of the debenture holders or of the company. This is an important matter, owing to the liability which attaches to a principal for the acts of his agent. In certain cases a receiver is appointed by the court, and in his official position he is then an officer, and, therefore, an agent, of the court. The court will generally act when it is proved to its satisfaction that the principal of the debenture has become due and remains unpaid, that the interest on it is in arrear, and that the property comprised in the trust deed is in danger, or that the company has ceased to carry on business or is being wound up. The duty of the receiver is to take possession of the secured property and to hold and preserve it for the benefit of the debenture holders. Sometimes the court will appoint a manager as well as a receiver, or the same person may be appointed to act in the double capacity. A manager is generally necessary when it is the intention to carry on the business and to dispose of it, if possible, as a going concern. The powers and duties of a receiver are discussed in the separate article on RECEIVER.

Priority. A debenture holder is a secured creditor, and, therefore, is preferred, as far as his security goes, to the general creditors of the company, but the payments which have to be made by reason of the Preferential Payment in Bankruptcy Act, 1897, repealed and re-enacted by the Bankruptcy Act, 1914, must be met before any of the assets realised by the receiver, or otherwise, are distributed amongst the debenture holders. (See WINDING-UP.)

DEBENTURES AT A DISCOUNT.—Debentures are frequently offered to the public at a discount where a company desires to raise a loan on advantageous terms, hoping in the future to recoup the difference between the amount paid up by the debenture holders and the par value of their bonds at the date of maturity during the "life" of the debentures. Strictly speaking, this discount allowed by the company to its debenture holders is a charge upon the cost of the issue, and it is quite admissible to spread the amount of the discount thus allowed over a period of years equal to the "life" of the bonds, or even for a less term, but in any case the amount allowed as discount must be charged up to revenue before the debentures are eventually redeemed, in the same way as though the debentures were issued at par, and were redeemable at a premium when maturing. There are instances where debentures are not only subscribed for at a discount, but are also repayable at a premium. It then becomes necessary to provide during the "life" of the debentures for the amount of discount, and also for the premium payable on maturity.

There are two rather important points to be considered in regard to the issue of debentures at a discount. The first is that the annual return of members must state on the first page any amounts allowed by way of discount on any debentures since the last return. [See Companies (Consolidation) Act, 1908, Sec 26 (2) (f).] Again, the balance sheets of all companies must contain the amount allowed by way of discount in respect of debentures, and must

also show so much as has been written off out of revenue from time to time until the cost of the discount has been eliminated. [See Companies (Consolidation) Act, 1908, Sec. 90.]

DEBENTURES, CONVERSION OF.—Debentures are sometimes issued with the right (at the option of the holder) to convert the debentures into fully paid ordinary shares of the company. The terms and conditions under which this right may be exercised are stated in the debentures. Shares may not be issued at a discount, but it is well-established law that debentures may be so issued. Accordingly, care must be observed that shares are not issued to a greater amount than that for which cash has been received by the company. Thus, if £100 debentures were issued at 90, i.e., for £90 in cash, it would be illegal to issue 100 fully-paid shares of £1 each. Not more than 90 shares can be issued (*Moveley v. Koffjfontein Mines*, 1904, 2 Ch 108).

When debentures are exchanged for shares, the latter are allotted for a consideration other than cash and a contract, constituting the title of the allottees to the shares, must be filed with the Registrar of Companies in compliance with Section 88 of the Companies Consolidation Act, 1908. A Return of Allotments also must be filed within one month of the date of allotment. (See ALLOTMENT OF SHARES.)

Where, however, the date for redemption has arrived, the debt is payable in cash and, therefore, no contract under Section 88 need be filed as the shares are issued against cash payable; what really occurs being an exchange of cheques (cash). The debentures are paid off, and the proceeds used to pay the subscriptions due on the shares. The Return of Allotments must be filed in the usual way.

DEBENTURE SCRIP.—In many cases when a prospectus offering debentures is issued, the following or a similar statement is to be found in the document—

"Bearer Scrip will be issued after allotment, to be exchanged for Registered Debenture Stock Certificates after . . . 19 The first payment of interest at the rate of . . . per cent per annum, calculated upon the instalments as due, will be made on . . . 19 on presentation of the coupon attached to the Bearer Scrip."

The statement made in this form explains that bearer scrip is only a provisional certificate.

The word "scrip" is used as a contraction of subscription receipt. Although its most ordinary use is that in the sense indicated above, the term is frequently met with when reference is made to share certificates or documents of a similar character.

A subscriber who applies for debentures receives, if his application is successful, a letter of allotment, which is exchanged for scrip as soon as the first instalment, that is, the amount due on allotment, is paid. Scrip is not issued in the case of every issue of debentures. The scrip shows the number of bonds or shares taken up by the subscriber. It also indicates the amount of the instalments paid, and in some cases the dates when the further instalments will be due.

Upon the completion of the payments of the whole of the instalments, the scrip is exchanged for a definitive debenture bond.

The scrip certificate requires a 2d. stamp.

Interest coupons are sometimes attached to

debenture scrip, and these are likewise subject to a stamp duty of 2d.

DEBENTURES INTEREST COUPON.—In the case of registered debentures, the interest is paid by interest warrant, but in the case of debentures to bearer the interest is paid by coupons which are attached to the bond itself. This interest coupon is a document in the nature of a cheque authorising a bank to pay on demand the interest which is due on the debenture.

In general each bearer bond has attached to it a series of coupons, and these series in the form just mentioned make up what is called a coupon sheet. Each coupon bears a specific date, and is usually presentable at the company's registered office or at the company's bankers on the date mentioned on the coupon. Cash is then payable on demand in exchange for the coupon.

The common practice with regard to the coupon sheet is to arrange for the last portion of it (usually called a "talon") to be exchanged for a further series of coupons, which can be obtained as soon as those on the original coupon sheet have been presented and paid.

The word "coupon" is derived from the French word *couper*, meaning "cut."

DEBENTURES, REDEMPTION OF.—(See REDEMPTION OF DEBENTURES.)

DEBENTURE STOCK.—In reality, debenture stock is the same as debentures, except that debentures are generally for definite round sums, whereas the certificates for debenture stock are for different amounts. Debenture stock is transferred by a deed of assignment. (See DEBENTURES.)

DEBENTURE TRANSFER.—(See DEBENTURES.)

DEBENTURE TRUST DEED.—This is a deed made between a company and trustees acting on behalf of the debenture holders, whereby certain property of the company is mortgaged or charged as security for the payment of debentures. The deed usually defines the terms and conditions under which the debentures are issued, the rights and duties of the trustees, and the rights of the debenture holders. The mortgage or charge may be a fixed charge upon certain assets or a floating charge generally on the whole or part of the assets and the undertaking. (See DEBENTURES, FLOATING CHARGE.)

DEBIT NOTE.—This is a document sent to the firm to whom goods are returned, or from whom an allowance on account of such matters as short delivery, or reduction of price, is claimed, giving full particulars of such return or allowance. The method of dealing with its entry through the books of each party is *vice versa* to those of a credit note.

Debit Note.

Manchester, Jan 4th, 19 ..

Messrs Bardell Bros., London
Debited by Tufman & Co

2	Velvet, 79/80 = 159 yds. . . 2/9	£21	17	3
Per L. M. & S. Rly.				
Damaged.				

DEBT.—Money due by one person to another. In legal phraseology the term has frequently a wider meaning, and may include an amount which

has to be ascertained by some future inquiry or valuation.

In English law there are three principal divisions of debts in general, and they are distinguished by the manner in which they are evidenced. These classes are: (1) Debts of record, (2) specialty debts, and (3) simple contract debts. Debts of record are sums which are due under judgments or recognisances. They are final, and cannot be disputed. The creditor is entitled to enforce payment—in the latter case the creditor is the Crown—by means of execution against the debtor's goods, or by an order for committal to prison on a judgment summons, or by proceedings in bankruptcy. A specialty debt is one by which a sum of money is acknowledged to be due by a deed or under an instrument under seal. Such a debt requires no consideration to support it, and the creditor can sue upon it at any time within twenty years from the date of the deed or document under seal. A simple contract debt is the third of the classes of debt, and must be supported by a valuable consideration. It is created either with or without any document in writing, but if by the latter the document must not be under seal, otherwise it is a specialty debt. Such simple contract debt must be sued upon within six years of its date, otherwise no action can be taken upon it, owing to the Statute of Limitations (*q.v.*), though the debtor will not escape unless he specially pleads his exoneration under the statute.

It is often erroneously supposed that a creditor has imposed on him the duty of seeking out his debtor when his debt becomes due. This is the opposite of the truth. It is the debtor who has to seek out his creditor. Again, there is no obligation imposed upon a creditor to make any demand for payment of the debt due to him before commencing an action for the recovery of the amount of the debt. But unless a prior demand is made, the conduct of the creditor is likely to be severely commented upon by the court. The action, as stated above, must be brought within six or twenty years from the time of its creation, according as it is a simple contract debt or a specialty debt. The Statute of Limitations, if pleaded, is in favour of the debtor. A debtor, however, may preclude himself from setting up the statute if he has in the meantime paid anything in respect of the debt, or allowed interest upon it, or given some signed acknowledgment of indebtedness importing a promise to pay within the six or the twenty years, as the case may be, of action being brought.

There is frequently a difficulty when the debtor is out of the jurisdiction of the English courts. If the debtor departs from England before the right to demand payment has accrued, the Statute of Limitations does not run in his favour, *i.e.*, the creditor can sue him upon his return, no matter how many years he may have been absent. But if the right to sue has once accrued before the departure, the statute commences to run at once and nothing can stop it. Unless, then, the creditor takes active measures, he may be deprived of all remedy. The only remedy is for the creditor to issue a writ, which runs for twelve months, and then to renew it continually until it can be served upon the debtor. On good cause being shown, a writ can always be renewed for an extra period of six months. In certain cases a debtor can be served abroad, and judgment may be obtained against him. This right, however, is strictly

guarded, and is hedged in with various technicalities. (See INTERNATIONAL LAW.)

Whenever a debt is settled there must be complete accord and satisfaction (*q.v.*) between the parties. Thus, a debt of £20 cannot be settled by the payment of £15, unless there is some consideration for foregoing the balance of £5. This refers only to a payment in actual money. If payment is made in anything else than money, there may be complete satisfaction as well as accord. Thus, if the creditor accepts a cheque, or a bill of exchange, or even some chattel—and either of the first two is for an amount less than the debt—that is accord and satisfaction, and the debt is extinguished.

When the creditor cannot obtain payment, the general practice is to place the collection of the debt in the hands of an agent or a solicitor. The person who is thus employed is the agent of the creditor, and the creditor is responsible for any expenses incurred. It is the common practice of the agent or solicitor, when making a demand for the debt, to add something to this effect, that his charges must be paid by the debtor. Such a demand, whether it is 3s. 6d. or 6s. 8d., is not enforceable by law against the debtor. It is the creditor alone who is responsible for the payment of this additional sum.

When action has to be taken, a creditor should proceed in the county court, upon a default summons (*q.v.*), if the amount is less than £20—always providing the debt is for a liquidated amount—and in the High Court if his claim exceeds £100. When the debt is between £20 and £100, proceedings ought to be taken in the county court, unless the facts of the case are such that the debtor is unlikely to obtain leave to defend the action, when it is quite as cheap and sometimes more expeditious to proceed in the High Court under what is known as Order XIV (*q.v.*). If judgment is obtained within twenty-one days, costs are awarded on the High Court scale. If not, unless there is good reason shown, only county court costs will be granted.

DEBT COLLECTION AGENCY.—When a trader is unable to obtain payment of an account by the ordinary processes of business, he makes use of other means in order to collect the debt. In many cases an immediate resort to law is inadvisable, as a prejudice is likely to arise against a firm that is known to act too abruptly in this way.

Throughout the country there are many excellent trade protection societies and mercantile agencies which undertake the task of debt collection, and from their long experience of the work and often from personal knowledge of the debtor they are able to bring just the right degree of pressure to bear, or, (what is sometimes as useful a service), to indicate that the debt is hopeless.

These organisations usually employ solicitors who can continue their work at the point where legal action is necessary.

Some care and discrimination should be observed, however, in selecting the agency or society, as it is an unfortunate fact that there exist business ventures, usually one-man affairs and possessing high sounding names, that are not at all reliable, as they either absorb the amounts they collect as "expenses" or fail to account for them, except under pressure.

The National Association of Trade Protection Societies, 621 Bank Chambers and 29 High Holborn, London, is an association of a large number of these bodies and can supply information in case of doubt.

DEBT, NATIONAL.—(See NATIONAL DEBT)

DEBTORS ACT.—This Act was passed in 1869, and its object was to put an end to the indiscriminate imprisonment of debtors which had been so common up to that date. The Act prevented imprisonment in future, except in the following cases, *i.e.*, in cases of—

(1) A penalty, or a sum of money in the nature of a penalty, other than a penalty under a contract

(2) A sum recoverable summarily on conviction, and not as a civil debt, before a court of summary jurisdiction

(3) A sum in the possession or under the control of a trustee or a person acting in a fiduciary capacity, and ordered to be paid by the court.

(4) A sum payable by an attorney in respect of costs, when the order is made to pay the sum on the ground of misconduct, or in payment of a sum when the order is made to pay the same in his character as an officer of the court

(5) A sum payable for the benefit of creditors out of any salary or other income, in respect of the payment of which any court having jurisdiction in bankruptcy is entitled or authorised to make an order

(6) A sum payable by virtue of an order under the Act itself.

In any of the above excepted cases, a recalcitrant debtor may be imprisoned for a period not exceeding one year; but this has no reference to an order for imprisonment in default of payment of a judgment debt which is noted in the next paragraph.

If a debtor refuses or neglects to pay a judgment debt, he may be brought before the court, the High Court, or the county court, according to the court in which the judgment was obtained, and an inquiry is then made as to his means. It must be proved, first of all, unless the debtor appears, that the summons has been served upon him *personally*. If it is shown that the debtor has no means, no order will be made. But if his means of payment are proved to the satisfaction of the court, an order will be made, according to the discretion of the court, for payment at once of the whole or payment by instalments, and to the order may be added the penalty of imprisonment in case of non-compliance with the order. It must not be imagined that this constitutes an imprisonment for debt—it is imprisonment for contempt of court in refusing to obey its order. The period of imprisonment may be for any time not exceeding six weeks. The imprisonment does not act as a satisfaction of the debt, but a debtor cannot be imprisoned a second time in respect of the same debt. The only remedy that is afterwards left to the creditor is an execution against the lands, goods, or chattels of the debtor—if he possesses any.

If an action is pending in the High Court, and the amount in dispute is a sum of £50 or upwards, the plaintiff may, at any time before final judgment, obtain an order from a judge, on adducing satisfactory evidence on oath that he has a good cause of action against the defendant, and that the absence of the defendant from England will materially prejudice the prosecution of the action, for the arrest and imprisonment of the defendant for a period not exceeding six months, if there is reasonable ground for believing that the defendant is about to go out of the jurisdiction, unless the defendant gives satisfactory security up to the

amount of the claim that is being made against him.

Every person who is adjudged a bankrupt is guilty of a misdemeanour (*q.v.*), and is liable to imprisonment, if he commits any of the following offences, unless he is acquitted by a jury of an intention to defraud—

(1) If he does not to the best of his knowledge and belief fully and truly discover the whole of his property to his trustee in bankruptcy

(2) If he does not deliver up the whole of his property in his custody, or under his control, and the books, papers, and documents relating thereto

(3) If after the presentation of a bankruptcy petition by or against him, or the commencement of the liquidation, or within twelve months next before the commencement of bankruptcy proceedings, he conceals or removes any part of his property to the value of £10 or upwards, or if he makes any material omission in the statement of his affairs

(4) If he fails for a period of one month to inform his trustee of the fact that a false debt is being proved against his estate

(5) If he is a party to the abstraction or concealment of any book, paper, or other document relating to his affairs, or if within twelve months before the presentation of the bankruptcy petition he destroys, mutilates, or falsifies any such book, paper, or document

(6) If within twelve months next before the presentation of the bankruptcy petition, or the making of a receiving order, he has obtained any property on credit and not paid for the same by means of any false representations, or if he obtains, under the false pretence of carrying on business, any property on credit, or pledges, or disposes of the same, except in the ordinary way of business

There are, of course, many other offences constituted by the Bankruptcy Act, 1914, for the contravention of which an undischarged bankrupt is liable to severe penalties. These are noticed under **UNDISCHARGED BANKRUPT**

By Section 13 of the Act of 1869, which still remains unrepealed, any person who is found guilty of any of the following offences is liable, on conviction thereof, to one year's imprisonment, with or without hard labour—

(1) If he incurs any debt or liability, and obtains credit under any false pretences or by means of any other fraud

(2) If he makes any gift, delivery, or transfer of, or charge upon his property with intent to defraud his creditors

(3) If he has concealed or removed any part of his property since or within two months before the date of any unsatisfied judgment or order for payment of money obtained against him

DEBTORS LEDGER (SALES LEDGER).—The ledger containing the personal accounts of all parties by whom money is owing at any time, and, therefore, to which all items of goods sold on credit, money lent, etc., are posted. Sales are posted from the sales or day book to the debit of the accounts in this ledger. For facility in handling and posting, the accounts are often opened in alphabetical order, and in large concerns a series of debtors ledgers is used, *e.g.*, town, country, foreign, or/and A-D, E-G, etc.

DEBT RECOVERY.—(See DEBTS, COLLECTION OF)

DEBTS, ASSIGNMENT OF.—(See ASSIGNMENT.)
DEBTS, COLLECTION OF.—The system of credit in trading transactions has been so thoroughly accepted as part and parcel of the business of the country that it would be impossible to think of its extinction unless there was a financial cataclysm. It is, therefore, essential to consider how debts should be collected from persons who are neglectful or unmindful of their obligations. Legally, it is the duty of a debtor to seek out his creditor and pay that which is owing. In practice, it is generally the creditor who has to seek out the debtor and compel him to fulfil his duty. The main object which is to be aimed at is the success of the operation of obtaining payment without destroying the business relationship which has previously existed, unless it is desired to do so, when summary methods may be adopted without the slightest qualms.

In trading transactions generally, if credit is to be given the parties ordinarily stipulate as to the extent of time over which the credit shall run. Business men who are honourable and prompt in their dealings will make a special point of seeing that the limit of time is never exceeded. Punctuality in payment is one of the finest moral assets which an individual, a partnership, or a company can possess. If the due date of payment has passed, or a reasonable time has been allowed to elapse in case there has been no specified date for payment, a carefully worded reminder of the existence of the debt sent by the creditor will generally have the effect of arousing the honourable debtor, and will elicit some reply. Should this, however, fail altogether, a second application should be made after a reasonable period has gone by, and an intimation given that the account will be passed into other hands for recovery. If this second letter fails like the first, a solicitor should be instructed in the matter, and if his letter is unsuccessful in bringing about a satisfactory settlement, then proceedings must be taken in accordance with the methods pointed out in the article DEBT.

Persons engaged in business, even though they may be careful and astute in other matters, are frequently unfortunate in their methods when the question concerned is the collection of outstanding debts. Repetitions of demands at short intervals are signs of a lack of firmness, and strongly worded protests, coupled with threats of proceedings—threats which are often never intended to be carried into execution—are regarded as empty noise. A debtor who is in no case in a hurry to fulfil his obligations pays not the slightest heed to what he looks upon as ineffective “bluff,” and the angry creditor wastes time, money, and patience by lending himself to vain repetitions. When money matters are in dispute in business, the less said the better. If the demand is legitimate, it can be made firmly and without offence, and if the demand is then ineffectual the debtor cannot rightly complain if legal proceedings, with the necessary increase of expenditure in the way of costs, ensue (See also RECOVERY OF DEBTS).

DEBTS PROvable IN BANKRUPTCY.—(See PROOF OF DEBTS.) Subject to certain exceptions, all debts and *habilitates* (as to meaning of this word, see below), present or future, certain or contingent, to which the debtor is subject at the date of the receiving order, or to which he may become subject before his discharge by reason of any obligation incurred before the date of the receiving order, are debts provable in bankruptcy. Demands in the

nature of unliquidated damages arising otherwise than by reason of a contract, promise, or breach of trust, are not, however, provable in bankruptcy; and a person having notice of any act of bankruptcy available against the debtor, cannot prove under the order for any debt or liability contracted by the debtor subsequently to the date of his so having notice. The trustee makes an estimate of the value of any provable debt or liability, which, by reason of its being subject to any contingency or contingencies, or for any other reason, does not bear a certain value. A person aggrieved by any estimate made by the trustee may appeal to the court. If the court is of opinion that the value of the debt or liability is incapable of being fairly estimated, the court may direct the value to be assessed, and may give all necessary directions for this purpose, and the amount of the value when assessed is deemed to be a debt provable in bankruptcy.

“Liability” includes any compensation for work or labour done, any obligation or possibility of an obligation to pay money or money’s worth on the breach of any express or implied covenant, contract, agreement or undertaking, whether the breach does or does not occur, or is or is not likely to occur, or capable of occurring, before the discharge of the debtor. It also includes any express or implied agreement, engagement, or undertaking to pay or capable of resulting in the payment of money, whether the payment is fixed or unliquidated, present or future, certain or dependent on any one contingency or on two or more contingencies as to the mode of valuation, capable of being ascertained by fixed rules or as matter of opinion. A successful defendant may prove for costs in the bankruptcy of the plaintiff, although they may not have been taxed at the date of adjudication. A successful plaintiff may, however, only prove for costs in the defendant’s bankruptcy in cases where the debt or claim in respect of which the costs are recoverable is itself provable. A person entitled to be paid an annuity may prove for it in the bankruptcy of the person who pays it.

Enough has been said to show that a mere claim for damages for a tort (*qv*) is not the subject of proof in bankruptcy. For instance, if a man has a claim for damages for personal injuries, he cannot prove in the bankruptcy. It is otherwise if damages are agreed before the bankruptcy, or if judgment in an action for tort is signed before the bankruptcy.

A wife who has lent money or estate to her husband for the purposes of his trade or business can prove for such money only after, but not before, all claims of other creditors of the husband for valuable consideration in money or money’s worth have been satisfied. Debts founded on felony cannot be proved for, unless the creditor has taken the necessary steps to have the offender punished. Again, a debt which is founded on an illegal consideration, such as a gaming debt, cannot be proved. Where a balance resulting from gambling transactions on the Stock Exchange cannot be recovered (as there is no consideration), no proof can be admitted in respect of non-delivery. The following debts cannot be proved in bankruptcy: Future payments of alimony, debts barred by the Statute of Limitations, and an infant’s debts, incurred before he reaches the age of twenty-one, unless they are for necessities. With regard to interest on debts, if there is a surplus after the

payment of other debts, interest can be proved for, but interest accruing after the date of the receiving order may not, as a general rule, be proved for. The successful petitioner in a divorce action may prove for the damages recovered.

With regard to judgment debts, it might be thought that they must of necessity prove themselves, but this is not so. A man who wanted to defraud his creditors might allow bogus judgments to be entered up against him. The Court of Bankruptcy, therefore, has power to inquire whether a judgment debt is justly due.

The person proving the debt must, as a general rule, be the person to whom the debtor owes the money; but an executor or administrator may prove for the debts due to the estate of his testator.

A person who is under a contingent liability may prove in respect of the contingency. So if the bankrupt is under covenant or agreement with any person to indemnify him at some future time, which may be quite indefinite, that person may prove in respect of that future liability. For instance, if a man takes an assignment of a lease under a covenant with the lessee to indemnify him from the consequences of the assignment, liability under this covenant is a contingent liability which may be proved for. The holder of a bill of exchange may prove his debt in the bankruptcies of all the prior parties to the bill, and may receive a dividend from each upon the whole debt, provided he does not, in the whole, receive more than 20s in the £. As to an accommodation acceptance, if one party only is bankrupt, the solvent party may prove against the debtor's estate for the amount, if any, for which he could have sued the bankrupt if the latter had remained solvent. In other words, he can prove for the amount which he has paid for the bankrupt's accommodation.

DECEASED INSOLVENT DEBTOR.—Where a debtor dies insolvent, any creditor who might have presented a bankruptcy petition against him, had he been alive, may petition the court for an administration order, under which the estate will be dealt with as in bankruptcy. The petition is served on each executor who has proved the will, or on any person who has taken out letters of administration. Upon notice being given to the legal personal representative of the deceased debtor, the court may make an order on proof of the creditor's debt, unless it is satisfied that the estate will probably be sufficient for payment of the debts. Such a petition cannot, however, be presented if an administration action has been commenced; but in that case, if the estate is insolvent, the proceedings are generally transferred to the bankruptcy court. Administration of the estate of a deceased insolvent debtor is carried out practically in the same manner as the administration of a bankrupt's estate. Upon the order being made, the debtor's property vests in the official receiver as trustee. His duty is to realise and distribute the estate. The creditors may appoint a trustee and a committee of inspection. Under the Administration of Estates Act, 1925, funeral and testamentary expenses are paid in full in priority to all other debts. Subject to such payments the same rules prevail as to the respective rights of secured and unsecured creditors and as to debts having priority (see **PREFERENTIAL PAYMENTS IN BANKRUPTCY**) as are in force under the law of bankruptcy. When the value of the estate of the deceased is not likely to exceed £300, it may be administered

summarily (See Sections 129 and 130 of the Bankruptcy Act, 1914.) This means an enormous saving of expense.

DECEIT.—This is the name of an action at law by civil process, by which a person seeks to recover damages for false statements made by one party in respect of another party, when, through such false statements, the first person has suffered in a pecuniary sense. Thus, A opens negotiations of a business character with B, but before coming to terms he inquires of B's standing from a third person C. C gives a favourable answer, and A is satisfied. Business results, and A suffers a heavy loss. Can he make C responsible for that loss? Under certain conditions he undoubtedly can do so. But in his character as plaintiff A must prove certain things. First, he must show that the statements of C were false; secondly, that they were made fraudulently, *i.e.*, that C made them recklessly, not caring whether they were true or not, even if it cannot be asserted that they were made with a distinct fraudulent intent; thirdly, that the statements made were the direct cause of A's entering into the transaction with B, which resulted in the damage sustained; fourthly, that the representations of C were made in writing. This last requisite is all important, and yet it frequently happens that persons are satisfied with oral assurances. If an oral assurance alone has been given, there is no right of action. This is specially provided for by an Act of 1828—commonly known as Lord Tenterden's Act—under which it is provided that no one who has made any representation as to the conduct, character, credit, ability, etc., of another, in order to induce people to trust him, shall be liable to an action for deceit or false representation, unless his statement is in writing and signed by him.

DECIMAL COINAGE.—A system of coinage under which the divisions are in tens or multiples of tens. The decimal coinage, as it works in other countries, is fully shown in the article **METRIC SYSTEM**. A decimal coinage has been suggested for England. The sovereign would, under it, be still the unit of value. The divisions of the £ would be into 10 florins, each florin being divided into 10 cents, and each cent into 10 mils. Thus, the florin would be one-tenth of a £, the cent one-hundredth of a £ (about 2½d), and the mil one-thousandth of a £ (about ¼d).

DECIMAL SYSTEM.—This is the system of weights and measures, and also of coinage, under which the calculations connected with the same are made by decimal divisions, or tenths. The system has now become the one in use in most of the continental countries of Europe, and also in the United States of America. There is no doubt that its claim to simplicity is most thoroughly justified, although it is admitted that there is a drawback in this respect, that the number 10 is not divisible by either 3 or 4 without the introduction of fractions. The most perfect example of the system is to be found in France, though the same principle obtains, as far as the coinage is concerned, in Belgium, Italy, Portugal, Spain, and the United States of America. In the French measures of length, the Greek words *deca*, *hecto*, *kilo*, and *myria* are prefixed to the higher denominations, the unit being the metre of 39·37 English inches. The lower denominations are marked by the Latin words *deci*, *centi*, and *milli*. In money, the *franc* is the unit; a *decime* is the tenth part of a franc, and a

centimo the hundredth part. The coinage of the United States of America, which was made decimal in 1786, consists of the *eagle*, of 10 dollars, the *dollar*, of 10 dimes, and the *dime*, of 10 cents, but, of these denominations, *dollars* and *cents* are the only ones commonly used.

Many attempts have been made to introduce a decimal coinage into this country, but so far without success, and the most recent reports have not been altogether favourable. A Royal Commission appointed to consider the matter issued their report in the latter part of the year 1919. No legislation was recommended and the document itself was of a very neutral type. The Decimal Association, which has for its object the promotion of the adoption of a decimal system of coinage and of metric weights and measures, has its headquarters at 230 Finsbury Pavement House, Finsbury Pavement, London, E C 2, and all particulars as to the work of the association may be obtained from the secretary. The decimal system is now legally recognised in twenty-nine states, with a population numbering nearly one-half of the people of the globe.

DECK CARGO.—If a ship, British or foreign, arrives between the last day of October and the 16th day of April at any port in the United Kingdom from any port out of the United Kingdom, carrying any light goods or wood as deck cargo (except under certain conditions), the master and owner is liable to a fine of £5 for every 150 cub. ft. of space in which wood goods are carried. Heavy wood goods may be carried as deck cargo on the following conditions: (a) They must be carried only in covered spaces, and (b) they must be carried only in such class of ships as may be approved by the Board of Trade for the purpose, and (c) they must be loaded in accordance with regulations made by the Board of Trade with respect to the loading thereof. Light wood goods may be carried as deck cargo on the following conditions: (a) Each unit of the goods must be of a cubic capacity not greater than 15 cub. ft., and (b) the height above the deck to which the goods are carried must not exceed—(1) in the case of an uncovered space on a deck forming the top of a breck, poop, or other permanent closed-in space on the upper deck, 3 ft. above the top of that closed-in space, and (2) in the case of an uncovered space, not being a space forming the top of any permanent closed-in space on the upper deck or a space forming the top of a covered space, the height of the main rail, bulwark, or plating, or one-fourth of the inside breadth of the ship, or 7 ft., whichever height is the least, and (3) in the case of a covered space the full height of that space. Regulations may be made by the Board of Trade for the protection of seamen from any risk arising from the carriage of the goods in any uncovered space to the height allowed under the above provisions, and those regulations must be complied with on the ship. The expression "heavy wood goods" means: (1) Any square, round, wavy, or other timber, or any pitch pine, mahogany, oak, teak, or other heavy wood goods whatever, or (2) any more than five spare spars or store spars, whether or not made, dressed, and finally prepared for use, and the expression "light wood goods" means any deals, battens, or other light wood goods of any description. The expression "deck cargo" means any cargo carried either in any uncovered space upon deck or in any covered space not included in the cubical contents forming the ship's registered tonnage. The space in

which wood goods are carried is to be deemed to be the space limited by the superficial area occupied by the goods and by straight lines enclosing a rectangular space sufficient to include the goods.

DECLARATION.—The old name, under the ancient procedure, of what is now known as the Statement of Claim. Since the Judicature Acts, 1873 and 1875, the word has gone out of use, except at the Mayor's Court where the former practice of the High Court remains in vogue.

DECLARATION (INSURANCE).—Following the various questions asked in a proposal for insurance, there is sometimes a formal declaration which generally consists of three parts. The proposer (1) declares that the statements made in the proposal are true, (2) agrees that the declaration shall be the basis of the contract; and (3) consents to the contract being made subject to the rules and regulations of the insurance company, and/or to the conditions set out in the policy. Some declarations constitute what is called a "Warranty" (*qv*), which, in effect, guarantees the truth of the statements made in the proposal, so that even innocent misstatements will invalidate the contract. The proposer signs at the foot of the declaration, and it is not infrequently required that his signature shall be witnessed.

DECLARATION OF ASSOCIATION.—This is the name of the last clause in the memorandum of association (*qv*) of a company limited by shares, whereby the subscribers declare their desire to be formed into a company and agree to take shares. The clause is followed by a tabular form in which the names, addresses, and descriptions of the subscribers and the number of shares taken by each, appear.

DECLARATION OF COMPLIANCE WITH COMPANIES ACTS.—This is one of the forms which have to be filed with the Registrar of Companies when application for incorporation is made. It is a statutory declaration by a solicitor of the High Court (or, in Scotland, by an enrolled law agent) engaged in the formation of the company, or by a person named in the articles as a director or secretary of the company, that the requirements of the Companies Acts in respect of matters precedent to registration and incidental thereto have been complied with. It is made pursuant to Sect. 17, s. 2, of the Companies (Consolidation) Act, 1908. A companies' fee stamp of 5s must be impressed upon it. (See REGISTRATION OF COMPANIES.)

DECLARATION OF LONDON.—The Convention for the establishment of an International Court of Appeal in matters of prize, which formed an appendix to the Final Act of the Second Peace Conference at The Hague, provided that, in the absence of treaty stipulations applicable to the case, the court is to decide the appeals that come before it, in accordance with the rules of international law, or if no generally recognised rules exist, in accordance with the general principles of justice and equity. The discussions which took place at The Hague during the Conference showed that on various questions connected with maritime war divergent views and practices prevailed among the nations of the world. Upon some of these subjects an agreement was reached, but on others it was not found possible, within the period for which the Conference assembled, to arrive at an understanding. The impression was gained that the establishment of the International Prize Court would not meet with general acceptance.

so long as vagueness and uncertainty existed as to the principles which the court, in dealing with appeals brought before it, would apply to questions of far-reaching importance affecting naval policy and practice. The British Government, therefore, proposed that another Conference should assemble, with the object of arriving at an agreement as to what are the generally recognised principles of international law, as to those matters wherein the practice of nations has varied, and of then formulating the rules which, in the absence of special treaty provisions applicable to a particular case, the court should observe in dealing with appeals brought before it for decision. The rules by which appeals from national prize courts would be decided affected the rights of belligerents in a manner which was far more serious to the principal naval Powers than to others, and the British Government, therefore, communicated only with the Governments of Austria-Hungary, France, Germany, Italy, Japan, Russia, Spain, and the United States of America. With the concurrence of all the Powers invited to the Conference, the invitation was subsequently extended to the Netherlands Government. The questions upon which the British Government considered it to be of the greatest importance that an understanding should be reached were those as to which divergent rules and principles had been enforced in the Prize Courts of different nations. It, therefore, suggested that the following questions should constitute the programme of the Conference.

(a) Contraband, including the circumstances under which particular articles can be considered as contraband, the penalties for their carriage, the immunity of a ship from search when under convoy, and the rules with regard to compensation where vessels have been seized, but have been found, in fact, only to be carrying innocent cargo.

(b) Blockade, including the questions as to the locality where seizure can be effected, and the notice that is necessary before a ship can be seized.

(c) The doctrine of continuous voyage in respect both of contraband and of blockade.

(d) The legality of the destruction of neutral vessels prior to their condemnation by a prize court.

(e) The rules as to neutral ships or persons rendering "unnatural service."

(f) The legality of the conversion of a merchant-vessel into a warship on the high seas.

(g) The rules as to the transfer of merchant-vessels from a belligerent to a neutral flag during or in contemplation of hostilities.

(h) The question whether the nationality or the domicile of the owner should be adopted as the dominant factor in deciding whether property is enemy property.

These questions were discussed at the Naval Conference held in London from December, 1908, to February, 1909, and the result was the drawing up of "The Declaration of London."

The Declaration of London never received the formal assent of the Powers represented, and in Great Britain, although accepted by the House of Commons, it was utterly rejected by the House of Lords. Whether it will ever be revived is difficult to prognosticate, as the impracticability of many of its provisions was manifested during the Great War of 1914-18. In the early stages of the war the Allies, with Great Britain at their head, showed a strong disposition to act in accordance with the Declaration in the conduct of naval warfare. Various circumstances rendered it necessary to drop one by

one the clauses of the Declaration, and for the time being the whole of it became a dead letter. The Declaration is, therefore, at present nothing more than a historical curiosity.

DECLARATION ON REGISTRATION OF COMPANY.—(See REGISTRATION OF COMPANY.)

DECLARATION POLICY.—(See FIRE INSURANCE, FLOATING POLICY.)

DECLARATION, STATUTORY.—(See STATUTORY DECLARATION.)

DECODE.—To decode a message means to translate the code words in which it is written into the words or figures which they represent. (See CODE.)

DECREASING TERM ASSURANCE.—This is a special form of Term Assurance (*qv*) in which the sum assured decreases each year and disappears altogether at the end of the term. The premium also decreases year by year (except, of course, where a single premium is paid), but not usually in exact proportion to the decrease in the sum assured. A uniform annual premium cannot be charged for obvious reasons of selection against the office. The policy never participates in profits.

DEED.—A deed is a written document under seal which contains the terms, and is evidence of a legal transaction. Printing or engraving, or photography, or any other mode of reproducing visible words, is equivalent to writing, but the writing must be on parchment, vellum, or paper. A deed cannot be written on wood or stone, or metal. A deed may be in any language, and may be written with ink, paint, or pencil. There are two kinds of deeds, *viz.*, deeds poll and indentures (*qv*). A deed poll is one made by one party only, and is an expression of intention. It is so-called because the old practice was to write such a deed on parchment or paper with an even edge at the top. A familiar example is a deed by which a man formally records his intention to change his name. An indenture is a deed to which two or more persons are parties, and which evidences some agreement between them other than their mere concurrence in expressing or declaring an intention. It is now laid down in Section 56 of the Law of Property Act, 1925, that "a deed between parties, to effect its objects, has the effect of an indenture though not indented or expressed to be an indenture." In view of this enactment the term *indenture* will fall into disuse particularly in relation to conveyances of land. Such a deed is a contract (*qv*), and is sometimes called a contract under seal, a specialty contract, or a formal contract. The name is derived from the parchment on which such a deed was written being cut at the top with a wavy or indented line.

A deed must be sealed by the party intending to be bound thereby. He may either affix his own seal, or stick on a wafer, or adopt as his own a seal already affixed to or printed on the document. But it is now clearly established that if there is anything which purports to be a seal, that will suffice for the purpose and the wax or the wafer is no longer essential. The circle with the letters LS enclosed, so often met with in legal documents, is not in itself sufficient (See SEAL). In practice the seal is put on the document before it is executed, and the party figuratively seals by touching it. In order to be operative, the deed must also be "delivered" by the party, which is usually done by his saying, when he seals: "I deliver this as my act and deed." If the deed is actually handed over to the possession or custody

of the person intended to be benefited thereby, or to someone on his behalf, that is delivery. If it is intended to postpone the operation of the deed until some condition has been performed, it may be so stated by the executing party, the deed is then called an "escrow," and has no effect until the condition is performed, but on that being done it takes effect as a deed.

The signature of the party is not essentially necessary to the validity of a deed, but in practice a person executing a deed invariably signs his name opposite his seal, partly as an acknowledgment that the seal is his, and partly as evidence that the deed is executed by him. The sealing and signature is done in the presence of a witness or witnesses, who add their names, addresses, and descriptions. Attestation, however, is only for the purpose of identification in case the execution by the party should ever be called in question. In some special cases, however, a deed is required to be signed and sealed in the presence of a certain number of witnesses. For instance, deeds executed by companies often require special signatures in addition to the seal, bills of sale (*qv*) must be executed with certain formalities, and transfers of shares in ships, of registered land, and certain bonds, must comply with the provisions as to execution of the particular Acts of Parliament relating to such matters.

A deed is necessary for certain classes of transactions, either at common law or by statute. Thus, a gratuitous promise must be made by deed in order to be legally enforceable, an appointment of a guardian of children by a father or mother must be made by deed or will, and most conveyances of land, and such documents as mortgages and leases, must be made by deed. Deeds, too, are invariably used in many other dealings with either land or chattels, since the effect of executing a deed is that the party is conclusively bound thereby. He cannot, save he can clearly establish mistake, fraud, misrepresentation, duress, illegality, or incapacity, deny the deed, or set up that he did not intend what the deed on its true construction avers or purports to perform.

A contract made by deed is superior to other contracts in the following other respects: (1) No consideration (*qv*) is required, except that in the one case of a contract in restraint of trade a valuable consideration is necessary to support it, whether it be made by deed or by parol, but if the consideration for a promise is illegal, the contract is void whether made under seal or not; (2) there is no need for the promisee to expressly assent thereto, or, in other words, to accept the offer made to him (see Offer and Acceptance, under CONTRACT); (3) if a simple contract and a deed both relate to the same matter and are made between the same parties, the remedy on the former is merged in and extinguished by the superior remedy under the deed; (4) the right of action on a deed may be enforced within twenty years, whereas under a simple contract the period is generally only six years. In most other respects the rules of law applicable to contracts made otherwise than by deed are applicable to those so made (See CONTRACT).

Technical terms are used to describe the various parts of a deed. The chief of these are *Recitals*, which state the facts on which the making of the deed is based; the *Testatum*, which contains the operative words expressing the intention of the parties; the *Parcels*, which is descriptive of the

property affected by the deed, the *Habendum*, which defines the estate or interest to be taken in that property by force of the deed, the *Reddendum*, which in leases states the rent, and the *Testimonium*, which concludes the document, and states that the parties have executed it in furtherance of the matters stated therein. In addition, deeds of a particular nature have special clauses peculiar to them, such as a proviso for redemption in a mortgage, a power of re-entry in a lease, and various trusts and powers in settlements and many other deeds.

A material alteration made in a deed after execution without the consent of the party or parties bound thereby renders the deed void, but an immaterial alteration does not affect its validity. A promise made by deed is called a covenant. All deeds must bear a revenue stamp, the amount of which varies with the nature of the deed or the value of the property conveyed or affected thereby; these stamps are prescribed by various Stamp and Revenue Acts, but if no special amount is fixed the deed must be impressed with a ten shilling stamp. (See also AGREEMENT and CONTRACT.)

DEED OF ARRANGEMENT.—From the point of view both of creditor and of debtor, experience has shown that it is better for all parties to avoid bankruptcy when the debtor is in difficulties. If the creditors can agree amongst themselves upon an arrangement by which the debtor's property is handed to a trustee, and the debtor is allowed to continue his business, the creditors probably gain in the long run. These objects are attained by causing the debtor to enter into what is known as "a deed of arrangement."

"Deeds of Arrangement" may conveniently be dealt with under the following heads: (a) Nature and object of deed, (b) steps to be taken for making a deed, (c) form and registration; (d) duties of trustee, (e) avoidance of a deed.

(a) **Nature and Object of a Deed.** The term "Deed of Arrangement" includes certain instruments made by a debtor for the benefit of his creditors generally, that is to say: (1) An assignment of property, (2) a deed of, or agreement for, a composition, and, in cases where creditors of a debtor obtain any control over his property or business—(3) a deed of inspectorship entered into for the purpose of carrying on or winding up a business, (4) a letter of licence authorising the debtor or any other person to manage, carry on, realise, or dispose of a business with a view to the payment of debts, and (5) any agreement for carrying on or winding up the debtor's business, or authorising him or any other person to manage, carry on, realise, or dispose of that business with a view to the payment of his debts. Under a deed of composition, creditors agree to realise and discharge a debtor in consideration of receiving a composition payable at a stated time or in instalments, the creditors further covenanting not to sue the debtor unless and until he make default in the terms of the arrangement. Under a "deed of assignment," a debtor assigns his property to a trustee in trust to realise the same, and after payment of the expenses, to distribute the balance *pari passu* amongst the assenting creditors, who, in consideration of (1) the assignment and (2) the dividends received (if any), mutually forbear in respect of, and release the debtor from, the debts owing to them.

An advantage of a deed of arrangement is the

absence of official interference in the administration of the estate and the conduct of the bankrupt's business

(b) **Steps to be Taken for Making a Deed.** A debtor who desires to make a deed of arrangement calls his creditors together. By doing so, of course, he commits an act of bankruptcy (see ACT OF BANKRUPTCY), but as the assignment itself is an act of bankruptcy, this will not be matter of great importance. An accountant is generally asked to act as trustee under the deed. At the meeting, the creditors decide whether the deed shall be accepted or not; and in order that the transaction may be declared good, the trustee should pay attention to the following points—

(1) The creditors must be treated equally, that is to say, no creditor must get any advantage

(2) A full disclosure should be made of the debtor's affairs

(3) The amount of the assets should not, on any account, be overstated. If the assets are misrepresented, the assenting creditors are not bound.

(4) The trustee should obtain the special assent of the creditors to a clause in the deed enabling him to settle the claims of dissentient creditors

(c) **Form and Registration.** The deed, one or more trustees, and the creditors are made parties, and the deed is usually expressed as being "for the benefit of such creditors as shall elect to execute the same." Sometimes a clause is inserted specifying the time within which the creditors must come in, if they intend to come in at all. The deed usually assigns to the trustee all the debtor's property, except household articles and wearing apparel. He receives it on trust, it may be to sell, and to apply the proceeds in manner provided by the deed. It is well to exclude leasehold property subject to onerous covenants, and shares upon which there is a liability for calls. The trustee is given power (a) to realise the estate and apply the proceeds as may be decided upon, (b) to pay the expenses of calling the meeting and preparing the deed, (c) to pay his own remuneration, which may be a fixed sum, a percentage on the assets realised, or the ordinary accountant's charges, (d) to pay all preferential claims as are payable under the rules in bankruptcy, (e) to pay to the creditors dividends upon the amount of their debts, (f) to hand over the surplus, if any, to the bankrupt. Sometimes a clause is added to indemnify the trustee in case of bankruptcy supervening. The deed also contains clauses reserving the rights of any secured creditors against their sureties. Were a creditor to assent without such a clause, he might release his surety. Finally, the deed should contain a clause by which all the creditors who take benefits under the deed give the debtor a release of their debts, or enter into a covenant not to sue for those debts. In order to give persons dealing with traders notice of any arrangement with creditors, the Deed of Assignment Act, 1914, provides that every deed must be registered within seven days after the first execution thereof by the debtor or any creditor, otherwise it is void. A copy of the deed, and every schedule thereto annexed, must be filed, together with an affidavit verifying the time of execution, the place of business of the debtor, the total amount of the property and liabilities included under the deed, the amount of the composition payable, and the names and addresses of his creditors. A deed will not be registered unless it is stamped. Creditors may execute the deed subsequent to registration.

The register is open to the public inspection. A deed of arrangement affecting land must be registered under the Land Charges Act, 1925, and may be re-registered to keep alive the record every five years. A deed of arrangement affecting land is void as against the purchaser unless it is so registered.

(d) **Duties of Trustee.** The accountant who represents the largest creditor is generally made trustee under the deed. If he honestly exercises his discretion, he incurs no responsibility. He can consult the committee of inspection, if there is one, or call a meeting of the creditors. If he has to bring an action, he has a charge on the estate for the costs, but if the estate is small he should get an indemnity from the creditors. Where debts are due to the estate he may collect them, and may sue for them in his own name, but until the deed has ceased to be available as an act of bankruptcy (*i.e.*, until after it has been executed for three months) the trustee cannot give a debtor to the estate a valid discharge, and the debtor might have to pay twice over. A trustee generally keeps a sum of money in hand to meet unexpected liabilities. The trustee must account for all moneys received by him, and must give information to any creditor as to all moneys received and paid away by him. He may even have to account after he has been removed from the office of trustee, and may also have to account to the Board of Trade.

(e) **Avoidance of a Deed.** If an assignment is made to enable the debtor to retain some property for his own benefit, although it is said to be for the benefit of the creditors, it may be avoided at any time as a fraud, but an assignment for the benefit of creditors is not void because it happens to benefit the debtor. It has already been shown that a deed may be avoided if it is an act of bankruptcy. It is also important to note that an assignment which is voluntary may be withdrawn by the debtor at any time before it is assented to by some of the creditors. The assent of a creditor should, therefore, be secured without delay. A deed drawn in the form above described would be an act of bankruptcy, but if all the creditors were included there would be no one to impeach it. Again, a deed of assignment can be impeached under the Bankruptcy Act only within three months of its execution. A creditor cannot be said to have acquiesced in a deed merely because he was present at the meeting at which it was discussed, but a dissentient creditor, whose debt exceeds £50, can present a petition at any time within three months of a deed, or two or more creditors can combine for this purpose. Where a deed is made bankrupt after the execution of a deed of assignment, all creditors may prove for their debts, even though they have been released by the deed. The trustee in bankruptcy then becomes entitled to all the property the debtor was possessed of at the date of the act of bankruptcy on which the receiving order was made. The official receiver, who becomes entitled to the debtor's property when the receiving order is made, must decide whether he will treat the trustee under the deed as a trespasser or as his agent. If he treats him as a trespasser (which, in practice, he only does where there has been misconduct) the trustee must hand over all property unconverted, and account for and pay the value of all that which has been converted. It is then that his indemnity from the creditors will come in useful. Where the official receiver treats him as his agent, the trustee

must render accounts, including accounts of the debtor's business if he has carried it on. The trustee cannot retain his remuneration or any sum to cover such costs and expenses as he incurred with knowledge of an act of bankruptcy. Nor is he entitled to costs which he has incurred in employing solicitors to draw up the deed of arrangement. Where, however, he has incurred expenses which have resulted in a benefit to the estate, he will be allowed to retain them. The trustee must, however, be very strict in this matter of adopting services and paying for them, and he must go through the items of the bill of costs, and pay only for such items as he is clearly satisfied have been incurred in such a way as that a benefit to the extent of the charge has resulted to the creditors.

DEED OF ASSIGNMENT.—A deed by which an insolvent debtor gives up the whole of his property for the benefit of his creditors, to be realised, as far as possible, in satisfaction of their claims upon his estate. (See ASSIGNMENT.)

DEED OF GIFT.—A gift is both the thing given and the act of giving, in the latter connection it means the voluntary and gratuitous transfer of any property by the true owner or possessor to another, with the intention that that other shall receive and retain the property as his own absolutely, unburdened by any condition or trust for the benefit of the donor or any other person. Gifts may be made *inter vivos*, i. e., by one living person to another living person, *mortis causa*, which is a gift made by a person in contemplation of death, and only intended to take effect in case of death, and by will. Gifts *inter vivos* may be made by deed or instrument in writing, by delivery of the chattel, or by means of a declaration of trust. The present article deals only with the first mode of making such a gift.

By English law a gift is irrevocable, but this is only the case when there is no suspicion of fraud, otherwise any person might easily divest himself of his whole possessions on the eve of his bankruptcy. Against the trustee in bankruptcy, however, a voluntary deed of gift is absolutely void if the gift was made within two years of the bankruptcy, and is voidable if made within ten years of the bankruptcy, unless it is shown that the bankrupt, at the time of the making of the gift, was solvent, without taking into consideration the property conveyed as a gift.

In certain cases a deed is necessary to a complete gift. These are grants of the legal estate in land, gifts of chattels which are to remain in the possession of the donor (see BILL OF SALE); a gift of a British ship or of a share therein; and a gift of shares in companies is generally required to be made by deed.

Deeds of gift may be set aside if procured by the fraud, coercion, duress, or undue influence of the donee, or if they amount to a fraud upon the donor's creditors. In many cases of gifts between persons in a confidential relation very little will be needed to raise a presumption that the gift was procured by undue influence, and it will be set aside unless the donee can conclusively establish that he was really intended to benefit thereby, and that the donor was fully aware of all the circumstances, and freely and willingly parted with his property. For a gift by child to parent, by ward to guardian, by young persons to older relatives in whose care they are, by a client to his solicitor, or by a *cestui que trust* to a trustee, to be allowed to

stand when challenged, the recipient must be able to satisfy the court that the gift was made with a deliberate and unbiased intention, and also, in most cases, that the donor had the benefit of independent advice on the subject. A somewhat similar rule will be applied, though not quite to the same extent, to gifts made by a sick person to his medical attendant, or by a member of a congregation to his clergyman or minister. Wherever anyone is in a position to use influence over another, a gift to him by that other is tainted with suspicion; and if the circumstances are such as to call for an explanation from the recipient, the gift will not be allowed to stand unless that explanation is satisfactory.

If shares are transferred as a gift, the consideration is a nominal one, generally 5s or 10s. The stamp duty on gifts made between living persons is the same as on conveyance or transfer on sale, with the substitution in each case of the value of the property conveyed or transferred for the amount or value of the consideration (See CONVEYANCE, GIFT INTER VIVOS.)

DEED OF INSPECTORSHIP.—This is a deed by which an insolvent debtor, generally a trader, places his business in the hands of his creditors. The latter then appoint an inspector or inspectors, who are in the position of trustees, to carry on the business or to wind it up for their general benefit.

DEED POLL.—This is the name which is given to a deed made by one person only. It is a document, sealed and signed as any other deed, which is really addressed to the world at large, and not to any person or persons in particular. A deed poll almost invariably commences with these words: "Know all men by these presents that I, A B, etc." A common instance of the execution of a deed poll, is where a person changes his or her name. A deed poll must be stamped like any other deed, i. e., with a 10s stamp.

DEER.—Hoofed quadrupeds, of which there are many species, such as the red deer, reindeer, stag, etc. They are distinguished by their antlers, which are outgrowths from the frontal bones. These are shed and renewed annually, and are very valuable in commerce for knife handles and as ornaments. The horns, imported in large quantities from Ceylon and India, are sent chiefly to Sheffield. The flesh of deer is known as venison, and the skins are used for rugs, etc. Doeskin is used in making gloves and the best chamois leather. Deer are found in many parts of Europe, Asia, and America, but Great Britain's imports of skins and antlers come mainly from India and South America.

DEFACING COIN.—This is a criminal offence, which is constituted by sweating, bending, chipping, drilling, stamping, or otherwise injuring the current coins of the realm.

DEFAMATION.—Under this heading are included the two wrongs which are known to English law under the titles of libel and slander. It is intended to deal with this subject in only the merest outline, since there are so many technicalities connected with it that no adequate treatment would be possible, except in a volume devoted exclusively to the subject.

Libel is the malicious publication of untrue statements, by writing, printing, or the like signs, without just cause or excuse, which expose or tend to expose another person to hatred, contempt, or ridicule, or are calculated to injure him in his business. First, as to libel and its remedy at

civil law The plaintiff must show that the statements made concerning him are untrue (Truth is always a complete answer to a civil action) In pleadings (*q v*) the plaintiff always avers, in addition to the charge of falsehood, that the statements are made maliciously This word "maliciously" has a special meaning in this sense, and is not confined to what is commonly understood by the term It is sufficient if the thing is done without any semblance of right. Then publication must be established, *i. e.*, it must be shown that the writing, etc., has been communicated to some person or persons other than the plaintiff Very little is required to prove publication if the defendant acts with a certain amount of carelessness and allows the intervention of a third person in making his communications, even to the plaintiff himself Thus, the dictation to a shorthand-typist of a defamatory letter, addressed to the plaintiff by the writer of the same, has been held to be a sufficient publication It is doubtful, however, whether this can now be considered to be sound law. It has been very adversely criticised more than once in several later cases. But in such a case the plaintiff will not always obtain much satisfaction unless the case is one of a very gross character. For it is to be remembered that the awarding of damages is entirely in the hands of a jury, and in their award every circumstance will be taken into consideration.

Closely connected with the subject of a personal libel is that which is known as a trade libel, when an attack is made not upon an individual, but upon the goods, etc., which he manufactures. It is closely analogous to the personal kind of libel, and it must be made falsely and maliciously, in such a manner as to be likely to damage the goods attacked. There is no legal wrong in a man's praising his own goods in the most inordinate fashion, but if he embarks upon this course he must not make comparisons with other people's goods in such a manner as to bring the latter into "hatred, contempt, or ridicule."

In addition to the civil action spoken of above, there is also, under certain circumstances, a remedy under the criminal law Thus, if one man makes a violent attack upon another, accusing him in a manner somewhat more severe than would give rise to a civil action, criminal proceedings may be instituted, and, upon conviction, a defendant may be fined or imprisoned In such a case there are two points of difference to be noted in comparing the two proceedings. As to publication. The publication is sufficient if the alleged libel is sent to the person libelled. The intervention of a third party is not absolutely essential. The reason for this is that libels may give rise to a breach of the peace, and, therefore, the criminal law steps in to prevent such a breach And also, whereas in a civil libel action truth is a complete answer, in a criminal action it is no answer at all, unless it is shown that the publication of the libel was for the public benefit.

In a civil action for damages, it has been pointed out above that the amount is a question for the jury It is not necessary for the plaintiff to prove that he has suffered any loss, pecuniary or otherwise, in any particular way In legal language, it is not essential to prove "special" damage Naturally, the views taken by a jury will vary considerably in different cases, and when the verdict is of a contemptuous character, *e. g.*, when one farthing is awarded as damages, the presiding judge may

refuse to give the plaintiff his costs of the action

Slander is defamation by words spoken and not written The nature of the words must be similar to that in the case of libel, and there must be a publication to a third person But there is no criminal action for slander. The civil remedy is the only one And, even then, there is no right of action in the absence of clear proof of special damage, *i. e.*, unless the plaintiff can prove that he has sustained loss or harm directly through the publication of the slanderous words, except in four cases: (1) Where the words charge the plaintiff with having committed some criminal offence, (2) where they impute to him a contagious or infectious disease, (3) where they are spoken of him as a professional or business man; and (4) where they impute unchastity or adultery to a woman. Truth is always a complete answer to slander as it is to libel.

It is unnecessary to do more than to mention what is known as "seditious libel" This consists, curiously enough, of spoken words, though called by its special name under statutory sanction It consists of language tending to damage the maintenance of peace and order within the kingdom.

Every civil action for libel or slander must be commenced in the High Court, but if good cause is shown, it may afterwards be remitted from the High Court to some county court for the purposes of trial.

DEFAULT.—The failure on the part of a person to fulfil an obligation or duty—legal or other. Thus, if a person is called upon to pay a certain debt on or before a fixed date, and that date passes and the debt is not settled, he is in default. Again, a trustee or any other person in a fiduciary capacity who in any way misapplies moneys committed to his charge is in default In legal procedure certain rules are laid down as to the times within which particular things must be done Such are the entry of an appearance to a writ, the delivery of pleadings, etc. In the case of failure in any of these respects, there is said to be a default on the part of the offending party.

DEFAULTERS.—A member of the Stock Exchange who is unable to meet his engagements is known as a "defaulter," and has to be declared as such by direction of the chairman, deputy-chairman, or any two members of the Stock Exchange Committee The method of making this declaration is: That two of the Stock Exchange attendants (known as waiters) stand in their boxes, strike three hard blows with wooden mallets, and announce formally that so-and-so is unable to comply with his bargains From this method of announcement arises the term "hammered" or "hammering," and to say that so-and-so was "hammered" on the Stock Exchange is equivalent to stating that he has been declared a defaulter The effect of such declaration is that the individual named immediately ceases to be a member of the Stock Exchange. A defaulter is not allowed to make any compromise or private engagement with his creditors, and two members of the Stock Exchange who have been appointed as official assignees have to investigate the defaulting member's accounts and report to the Stock Exchange Committee thereon. The following are the most important Stock Exchange rules in connection with defaulters—

"In every case of failure the Official Assignees shall publicly fix the prices current in the Market

immediately before the declaration, at which prices all Members having accounts open with the Defaulter shall close their transactions by buying or selling to him such Securities as he may have contracted to take or deliver, the differences arising from the Defaulter's transactions being paid to, or claimed from the Official Assignees.

"Creditors for differences shall have a prior claim on all differences received by, or due to, a Defaulter's estate.

"(1) The following claims will not be allowed to rank against a Defaulter's estate until all other claims have been paid in full, but assets arising from such transactions shall be collected and distributed among the creditors—

"(i) Claims arising from Bargains or Options for a period beyond the Third ensuing Account-day.

"(ii) Claims arising from differences which have been allowed to remain unpaid for more than Two business days beyond the day on which they became due.

"(2) Differences overdue and paid previous to the day of default are not to be refunded.

"A Member shall not attempt to enforce by law a claim arising out of a Stock Exchange transaction against a Defaulter, or the Principal of a Defaulter, without the consent of the creditors of the Defaulter or of the Committee."

A defaulter may be re-admitted to membership of the Stock Exchange on compliance with certain conditions. On his making application for re-admission, a sub-committee of the Stock Exchange Committee investigates his conduct and accounts. Re-admission takes place in one of two classes, the first class being cases of failure arising from the fault of principals or of other circumstances where no bad faith or breach of the rules and regulations of the Stock Exchange has occurred, and where the defaulting member's operations were not unreasonable having regard to his means and resources, and where his general conduct has been irreproachable. The second class is "Cases marked by indiscretion and by the absence of reasonable caution."

A defaulting member is not eligible for re-admission until he has paid from his own resources at least one-third of the balance of any loss that may occur on his transactions.

DEFAULT SUMMONS.—This is the name given to a particular method of procedure in the county courts, which has a certain resemblance to procedure in the High Court under Order XIV (*qv*). The summons is printed on salmon coloured paper, and can be issued only in respect of liquidated amounts, *e.g.* money lent, goods sold and delivered, etc. It does not apply to bills of exchange, for which special rules are provided. Unlike an ordinary summons, which can be served upon some person other than the defendant (provided it is shown that it must, in the ordinary course, come to the knowledge of the defendant), a default summons must be served on the defendant personally. There is no date on the summons when it is issued, because it is uncertain when the service of it will be effected—the defendant sometimes taking particular care to keep out of the way—but, instead, the summons contains a notice ordering the defendant, if he wishes to contest the claim, to give notice thereof within eight days from the date of service. This appearance is effected by his tearing off a form which is attached to the summons, filling up the same with the particulars

required, and sending it to the registrar of the county court. The summons also gives the defendant notice that if he does not appear, judgment will be signed against him in his absence. Since it is thus possible for a judgment to be signed against a defendant in his absence, and without any examination into the merits of the case, the court is very careful to require the plaintiff to swear an affidavit verifying the debt before it will consent to issue the summons. Of course, the swearing of a false affidavit renders the deponent liable to a prosecution for perjury. On judgment being obtained, execution may be issued, or the defendant may be ordered to pay the debt by instalments. If he fails to do so, he may be brought up on a judgment summons and examined as to his means, and if he then fails to pay, should an order be made against him, he is liable to be imprisoned for contempt of court (*qv*). If the defendant enters an appearance, the court then fixes a day for the hearing of the summons and acquaints the parties with the fact. The case comes on in its turn, and judgment is pronounced. When there is any special defence set up, as to which the summons gives full particulars, the defendant must comply with the rules of the court, in order to be able to rely upon it at the hearing.

It is by means of default summonses that an immense number of debts are collected every year. Defences are frequently put in, when there is not the slightest intention of contesting the claim of the plaintiff. This course is adopted in the vast majority of cases for the purpose of gaining a little time.

DEFEASANCE.—This word is derived from the French *défaire*, which means "to undo."

A document containing a condition upon the fulfilment of which the contract contained in the deed to which it refers is defeated or rendered void. The condition itself is also called a defeasance. Thus in the case of an ordinary money bond, the acknowledgment of indebtedness is followed by a clause which renders the bond null and void if the money due under the bond is actually paid.

DEFECTS IN TITLE, INSURANCE OF.—(See CONTINGENCY INSURANCE.)

DEFENCE.—This is the name of the formal document in which a defendant puts forward the case which he intends to set up against the allegations contained in the plaintiff's statement of claim (*qv*). (See PLEADINGS.)

DEFENDANT.—The person who is sued in any action in a court of justice and who opposes the claim that is made against him. Technically, this is also the name of an accused person in criminal cases, when the charge is one of misdemeanour (*qv*) and not felony (*qv*), the name "prisoner" being used in the latter case.

DEFERRED ANNUITY.—An annuity which commences after the expiration of a certain agreed period is called a deferred annuity. After it has commenced to run it may either continue in perpetuity or, as is more usual, cease on the happening of a certain event, such as the death of a particular person. In the latter case, if the person dies before the annuity commences, the premiums paid may be forfeited. But it is more commonly provided that all premiums (with or without interest) shall be returned in this event. Policies of this class are often issued by life offices in connection with, or as an alternative to, a pension scheme. (See also LIFE ANNUITY.)

DEFERRED BONDS.—Bonds which bear a gradually increasing rate of interest up to a certain rate agreed upon, when they are exchanged for active bonds bearing a fixed rate of interest payable in full from the date of issue.

DEFERRED REBATES.—The payment of deferred rebate is the return, after a certain length of time, of an allowance or discount by the shipowner to the shipper. Instead of the prime being paid to the captain of the ship for his care of the cargo, the prime is returned to the shipper under the form of deferred rebate. The rate of prime varies according to the usages of different ports, but we will take, as an instance, that it is £10 per cent. The cost of freight on a shipment of goods is £100 and the prime £10. This amount of £110 will be returned by the shipowner to the shipper at a time decided by the shipowner, or by the "ring" of shipowners of which he is a member, and to whose rules he is subject. The deferred rebate may be returned at one time, or it may be paid in two lots of 5 per cent., one at the end of, say, six months and the other at the end of twelve months. The shipowners then always hold in hand a certain percentage on the freight paid by any firm of shippers. If the shipper decided to break away from the conference or ring by which he ships his goods, in order to have the goods carried at a cheaper rate of freight by a line of steamers outside the conference he would forfeit his rebate. Thus the shipper cannot afford to lose, and the hold on him is further strengthened by some of the big firms by the distribution of a further 5 per cent. of what is known as "secret rebate." This is secretly distributed among a number of privileged firms, and the manner or method of division and distribution is kept a profound secret by the participants. The shipping companies claim that the system of deferred rebate has facilitated and made more regular the opportunities for shipment, has eliminated the speculative element in rates of freight, has reduced the rates of marine insurance, and has resulted in the better out-turn of the cargo.

DEFERRED STOCK OR SHARES.—Stock or shares which do not entitle the holders to any dividend upon them until the claims of prior shareholders, preference or ordinary, have been satisfied. Founders' shares (*q.v.*) in joint-stock companies are often of this kind.

By the Regulations of Railways Act, 1868, railway companies have special powers granted to them, under certain conditions, for converting their ordinary stock into two classes, preferred ordinary and deferred ordinary.

DEFICIENCY.—This is a term used by the Customs for an allowance made by them on wines and spirits on their being examined for delivery from a Government warehouse. The allowances are of three kinds—

(a) *Ordinary*, to cover losses from natural causes, such as absorption or evaporation.

(b) *Special*, to meet any further waste due to such causes as porous timber, slack hoops, defective stoves, or damp stowage.

(c) *Chargeable*, a deficiency over ordinary and special allowance on which duty is paid but generally remitted.

DEFICIENCY ACCOUNT.—A deficiency account is to be rendered in all cases of bankruptcy and compulsory liquidation. It is also used in private arrangements with creditors under the Deeds of Arrangement Act, 1914. The object of the defi-

ciency account is to explain the various losses, expenses, etc., which have contributed to bring about the position shown on the front sheet of the statement of affairs. The form to be followed is given in the Appendix of the Rules under the Bankruptcy Act—No 34 K. The forms used in winding-up and in cases under the Deeds of Arrangement Act are very similar to the form used in bankruptcy.

Where double-entry books are in use, these should first be completed by the inclusion of the value of the stock-in-trade, which will have been accurately taken. The nominal accounts should then be closed, and the profit and loss account and balance sheet made out. Next, as explained in the article on STATEMENT OF AFFAIRS, private assets and private or contingent liabilities should be entered in the books, being credited or debited to an adjustment account. Differences between book and realisable values of assets will be credited to the account for the particular asset and debited to the adjustment account or *vice-versa*.

When all assets and liabilities are stated in the books at the proper figures, the statement of affairs can be prepared. The material for the deficiency account can then be obtained from the trader's capital account, drawings account, and the profit and loss accounts and adjustment account.

The deficiency account in bankruptcy commences at a date twelve months before the date of the Receiving Order, or such other time as the Official Receiver may fix. In compulsory liquidation the deficiency account must cover a period of three years before the date of the Winding-up Order, and the form of account is slightly different where the company has been floated within the three years, there being in the latter case neither surplus nor deficiency with which to commence the deficiency account, in consequence of the fact that limited companies are floated on an equality of assets and liabilities. Again, in the form prescribed for limited companies, the various expenses, constituting, with gross profit, the profit and loss account, are shown separately, and directors' fees and dividends paid are also stated.

Assuming the date selected as the commencement of the period to be covered by the deficiency account of a trader is one at which a balance sheet was prepared, the excess of assets over liabilities, or *vice versa*, can be inserted as per the balance sheet. Next, the subsequent profit and loss accounts should be taken, and the net profits or losses, after eliminating bad debts (which should be shown separately), can be inserted. The private drawings of the debtor should be analysed, and any expenses other than household expenses separately stated. Then any items credited to the adjustment account and representing private assets brought into the business may be stated on the left-hand side of the deficiency account, whilst the entries to the debit of the adjustment account will supply the information necessary to show, on the right-hand side of the deficiency account, amounts written off assets in the statement of affairs, private liabilities brought into the statement of affairs, and any losses or expenses which it is deemed advisable to show separately, either from the profit and loss accounts or from the analysis of the debtor's private drawings.

In practice it is not often possible to draw up a correct deficiency account by reason of the books

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AND DICTIONARY OF COMMERCE

[DEF

No 34.—*Statement of Affairs*
(B.R. 1915.)

K.

DEFICIENCY ACCOUNT.

	£	s	d	£	s	d	£	s	d
Excess of assets over liabilities on the (1) day of 19 (if any)									
Net profit (if any) arising from carrying on business from the (1) day of 19 , to date of Receiving Order, after de- ducting usual trade expenses									
Income or profit from other sources (if any) since the (1) day of 19									
Deficiency as per statement of affairs									
Excess of liabilities over assets on the (1) day of 19 (if any)									
Net loss (if any) arising from carrying on business from the (1) day of 19 , to date of Receiving Order, after de- ducting from profits the usual trade expenses									
Bad debts (if any) as per Schedule "I" (4)									
Depreciation of stock-in-trade									
Depreciation of machinery.									
Depreciation of trade fixtures, fittings, etc									
Expenses incurred since the (1) day of 19 , other than usual trade expenses, viz , household expenses of self and (4)									
(4) Other losses and expenses (if any)									
(4) Surplus as per statement of affairs (if any)									
Total amount to be accounted for									
Total amount accounted for									

Signature Dated

Notes.—(1) This date should be twelve months before date of
Receiving Order or such other time as Official
Receiver may have fixed
(2) This Schedule must show when debts were contracted
(3) Add "wife and children" (if any), stating number
of latter.

(4) Here add particulars of other losses or expenses (if any),
including liabilities (if any), for which no consideration
received
(5) Strike out words which do not apply
(6) These figures should agree.

being incomplete and time being limited. In consequence, the deficiency account often consists of a number of estimated amounts constructed from more or less reliable information, and it is frequently a fact that a bankrupt is unable to account satisfactorily for his deficiency.

DEFICIENCY BILL.—The term used to denote a bill given by the Government to the Bank of England to make up any deficiency shown upon paying the dividends on the Government Stocks. These bills require to be paid off before the end of each quarter, and the rate of interest charged is half the Bank of England rate of discount, with a maximum rate of interest of 3 per cent.

DEFINITIVE BONDS.—Upon perusing the prospectus of a company, the following sentence is frequently found—

"On payment of the instalment due on allotment, the allotment letter will be exchanged for scrip certificate to bearer. The scrip certificate, when fully paid, will be exchangeable in due course for *Definitive Certificates*, or bonds to bearer."

This statement shows clearly what a definitive bond really is. It is, in fact, a completed and fully paid bond in contradistinction to a scrip certificate, which is provisional security only, the latter being exchanged for a definitive bond under the conditions which are set out above.

DEFLATION.—This is the reverse of Inflation (see article on INFLATION). It is a term used among bankers and traders as the description of the process by which an artificial paper currency is brought nearer to the actual value it is supposed to represent. In certain cases where inflation has proceeded too long or at too great a rate, deflation is impossible.

Deflation consists in a lessening of the amount of money in circulation compared with the amount of goods offered for sale. Deflation can take place—

(1) Because—through better organisation, through inventions of labour-saving devices, and through more effective work, men produce more goods.

(2) Because—through the cancelling of paper money, the curtailment of credit, through the increased difficulty of getting gold, or the increased demand for it as a basis of currency—the monetary units in circulation are scarcer.

Deflation can be carried out by the gradual withdrawal of paper currency, the simple law of demand and supply can be relied upon here to secure an increased value being placed on any article or convenience which is demanded and which is comparatively scarce. To one extent the difficulty is increased by the fact that, when we attempt to take a deflation and the quantities of paper money in circulation are not kept in proportion to the needs of the country, however it is ascertained that a single issue of gold coins or debts and other approved securities of equal value are needed to meet the demand. The gradual withdrawal of paper currency till a paper currency is left, would equal to its face value even though it is only that gold 10,000 miles, is the only real way of denation.

The immediate consequences of deflation are mostly injurious. There is a big blow to trade and industry, as prices fall and stocks lose much of their value, while buyers become few and nervous.

Since 1922, as will be noted from a reference to the index numbers, there has been a steady, though not rapid, deflation in this country. The purchasing power of a unit of money is becoming greater

Or, to express the same thing in another way, prices are becoming lower owing to the gradual reduction in the amount of currency notes in circulation. (See INDEX NUMBERS.)

DEFUNCT COMPANY.—On the registration of the memorandum of association of a company (see REGISTRATION OF COMPANY), the registrar issues a certificate of incorporation (*q.v.*), and a new legal entity comes into being. The company, once being established, cannot come to an end unless it is wound up (see WINDING-UP), or unless it becomes defunct under the provisions of Section 242 of the Companies (Consolidation) Act, 1908. By this Section, if the registrar has reasonable grounds for believing that a company is not carrying on business, he is empowered to send a letter of inquiry to the company asking for particulars as to its business. If he receives no reply to this letter within a month, he must then send another letter, registered this time, within fourteen days after the termination of the month, referring to his previous communication and again asking for particulars, at the same time pointing out the consequences which will probably follow if no reply is sent to him. After the lapse of another month, and no reply having been received, it is the duty of the registrar to publish a notice in the *Gazette* that, unless good cause is shown to the contrary, the name of the company will be struck off the register of companies. The company will then become defunct or dissolved. Under certain conditions, if a company is being wound up and the liquidation is not proceeded with in due course, a similar procedure will be adopted and the like result will ensue.

DEL CREDERE AGENT.—This expression denotes an agent who, either in consideration of extra remuneration or a higher rate of commission, or as a term of his appointment, undertakes to keep his principal indemnified against loss from the failure to carry out their contracts of persons with whom the principal contracts on the introduction or through the mediation of the agent. Such an undertaking is not an agreement to answer for the debt, default, or miscarriage of another within the meaning of the Statute of Frauds (*q.v.*), and need not, therefore, be evidenced by writing signed by the agent; nor need the appointment of such an agent be made in writing, since this special term of the agency may be either expressly stated on the appointment of the agent, or implied from the fact that the agent charges a higher commission than is usually paid to an agent who does not undertake this additional risk. A relationship something akin to that of *del credere* agency is sometimes created by the usage of a particular trade or business, which may establish an exception to the general rule that an agent is under no personal liability to his principal upon any contracts made on the principal's behalf, such a usage exists in the case of marine insurance brokers, who are personally responsible to the underwriters for the premiums on the policies effected through them. A distinction must be drawn between the liability of a *del credere* agent to his principal, and that of an agent to the third party, which may arise because the agent exceeds his authority or is acting for a foreign principal, or for the other reasons which are mentioned in the article on AGENCY (*q.v.*).

DELEGATE.—There is a maxim in English law, *delegatus non potest delegare*, which means that where an agent is authorised to do any act, he

cannot delegate his authority, but must perform it himself. The rule is based on the personal and confidential nature of the contract of agency, and precludes auctioneers, brokers, and similar persons from employing deputies or sub-agents. The rule is, however, subject to various exceptions. If the principal knew, when he appointed the agent, that the agent intended to delegate his authority, or if from the conduct of the principal and agent one might reasonably infer an intention that delegation should take place, the principal is bound by the delegation. Such an inference arises if the act is purely ministerial, involving no confidence or discretion, *e.g.*, an authority to indorse a particular bill, or if it is one of such a kind as to necessitate its execution wholly or in part by means of a deputy or sub-agent. Thus, a country solicitor has an implied authority to act through his London agent when necessary or usual in the ordinary course of business, and the acts of such an agent in the matter entrusted to him bind the client. The power of delegation may also be inferred from the usage of a particular business, *e.g.*, if a shipowner employs an agent to sell a ship at any port where the ship may from time to time, in the course of her employment under the charter, happen to be, an appointment of substitutes at ports other than those where the agent himself carries on business is a necessity, and may reasonably be presumed to be in the contemplation of the parties.

Such a usage of trade must not, however, be unreasonable, neither must it be inconsistent with the express terms of the agent's authority or instructions.

DELIVERY BOOK.—This is the book in which are entered all particulars of goods which are sent out by carriers and others. The book acts as a species of receipt, for when the goods are delivered at any particular address, the person receiving them signs his name in the book and thus signifies that he has accepted them.

DELIVERY OF BILL.—By Section 2 of the Bills of Exchange Act, 1882, delivery is defined as transfer of possession, actual or constructive, from one person to another.

The Act deals with delivery in Section 21 as follows—

"(1) Every contract on a bill, whether it be the drawer's, the acceptor's, or an indorser's, is incomplete and revocable, until delivery of the instrument, in order to give effect thereto.

"Provided that where an acceptance is written on a bill, and the drawee gives notice to or according to the directions of the person entitled to the bill that he has accepted it, the acceptance then becomes complete and irrevocable.

"(2) As between immediate parties, and as regards a remote party other than a holder in due course, the delivery—

"(a) in order to be effectual must be made either by or under the authority of the party drawing, accepting, or indorsing, as the case may be;

"(b) may be shown to have been conditional or for a special purpose only, and not for the purpose of transferring the property in the bill. But if the bill be in the hands of a holder in due course a valid delivery of the bill by all parties prior to him, so as to make them liable to him, is conclusively presumed.

"(3) Where a bill is no longer in the possession of a party who has signed it as drawer, acceptor,

or indorser, a valid and unconditional delivery by him is presumed until the contrary is proved."

Just as a deed has no legal effect until it has been delivered, so a bill of exchange does not effectually bind any of the parties to it if, although complete in form, it comes into the hands of a person through some fraud before it has been delivered. For example, if a person puts a blank acceptance in his desk, and the acceptance, *e.g.*, the bill, is stolen and filled in as a bill, such person will not be liable upon the bill, as it was never delivered by him for the purpose of being converted into a bill. The same rules are applicable to cheques and promissory notes.

"In order to make the property in bills pass," it has been judicially observed, "it is not sufficient to indorse them. They must be delivered to the indorsee or to the agent of the indorsee. If the indorser delivers them to his own agent, he can recover them, if to the agent of the indorsee, he cannot recover them." Take an example: A drawee receives a bill from the holder (*q.v.*) and writes an acceptance upon it. He afterwards hears that the drawer has become bankrupt, cancels his acceptance, and returns the bill to the holder. He is entitled to revoke his acceptance, since he has never delivered the bill so as to make himself personally liable upon it. But if the acceptor, after writing his acceptance on the bill, had given notice of his acceptance to the holder, such acceptance would be complete and irrevocable.

When a bill of exchange gets into the hands of a holder in due course (*q.v.*), a valid delivery of the bill by all parties prior to him, so as to make them liable, is conclusively presumed. And, moreover, where a bill is no longer in the possession of a person who has signed it as drawer, acceptor, or indorser, a valid and unconditional delivery by him is presumed until the contrary is proved. (See **NEGOTIATION OF BILL OF EXCHANGE, STOLEN BILL, STOLEN CHEQUE, TRANSFEROR**.)

DELIVERY OF CHEQUE.—(See **DELIVERY OF BILL**.)

DELIVERY ORDER.—Delivery Order is the name given to a writing directed to the bailee of goods mentioned in the order, requesting him to deliver over the goods to the person named in the order. A mere delivery order given by the seller to the buyer is no receipt by the latter until communicated to the agent and accepted by him as transferring the possession, nor is a mere delivery order given by the seller to the agent, until communicated by the latter to the buyer. Such orders are often treated as if they were negotiable instruments, passing by mere delivery the title to the goods, but this is not so, although a person dealing with the holder of a delivery order, *bona fide* and without notice of any vendor's lien, is protected by the Factors Act, 1889, and the Sale of Goods Act, 1893 (Secs 25, 47) in cases falling within these enactments. A delivery order, properly so-called, is, until it is acted upon, a mere "promise to deliver," and the delivery is not complete until the bailee attorns to the buyer, and thus becomes the latter's agent, as custodian of the goods.

DEMAND AND SUPPLY.—By Demand, *effectual demand* as it is called, is to be understood the desire to possess combined with the power of purchasing at a certain price; by Supply is meant the amount offered for sale at a certain price. Demand is not synonymous with desire; I may have a keen wish for a steam yacht, but my wish

is no factor in demand, since it exists apart from the sole means of realising, namely, an adequate claim on society for a share in the stock of useful and agreeable things. Similarly, Supply is not to be confounded with the whole amount in being, the *stock* of the particular article. The *desire* for an article, and the *stock* of the article are quite independent of price. But the Demand diminishes as the price increases: a novel issued at 6s. will command a much smaller sale than if issued at 6d. Likewise the Supply tends to increase as the price increases: the wish to participate in gains beyond ordinary attracts supplies into the market from most diverse sources. The Demand and Supply, therefore, are *not fixed quantities*, but vary according to price. If the visible Supply is less than will satisfy the Demand of purchasers at the price, the bidding of purchasers against one another will raise the price. The rise in price repels some would-be purchasers, it will also bring out further supplies from those who would have been unwilling to part with their commodity at the former price. The lessening in the amount demanded together with the increase in the amount offered will at length result in a price which *equalises* Demand and Supply. A perfect market, which we here assume, is an area within which prices are fixed by free competition, in which buyers and sellers are equal in bargaining power. This area may be for some commodities an isolated town, for others it may comprise the whole commercial world. The price for the same article is uniform throughout such a market, and this price results in an *equation between Demand and Supply*. If, on the other hand, the Demand for the article at a certain price is not sufficient to carry off the Supply offered at that price, the holders of the article will be obliged to make concessions—including the most effective concession of all, a lowering of prices—to induce customers to take more of the article. The lowered price causes some holders, whose anxiety to sell is less pressing, to retreat from the market; it causes also new buyers to advance and old ones to buy more than they could have been induced to buy at the first price. Eventually a point is again reached at which an equation is established between the amount offered for sale at the price and the amount that will be bought at the price; and at this price there will be the maximum amount of exchange—more buyers and settlers will attain their purpose. Such an ideal market is approximately presented by the Stock Exchange.

Demand and Supply, therefore, are both affected by value or price: a high price stifles Demand and stimulates Supply. Many a corner has been a ruinous failure to its projectors because they had overlooked sources of supply which the high price had tapped. Similarly a low price promotes Demand and shuts off Supply. In what manner Demand and Supply vary under the influence of fluctuating price it is impossible to predict, though we may make broad distinctions. It would, for instance, require a very great rise of price materially to diminish the Demand for bread; and in times of dearth the Supply may be incapable of increase. A deficit in the Supply of one quarter may cause a rise of price possibly fourfold, before the equation is established. On the other hand, in order to call forth a greater Demand to carry off a more than ordinary Supply, a very great fall of price may be necessary. Articles for which the Demand values little for a rise or a fall of price, are said to be

inelastic. Such are the articles which correspond to desires easily satiated, and of these bread is the type. People who already have enough will require little more on account of cheapness, increased consumption carries off a very small part of the extra Supply caused by a prolific harvest, and the fall of price is arrested only when farmers or other speculators who hold back in expectation of higher prices withdraw supplies. Other articles, however, answer to desires which are only very slowly satiated. Such are luxuries which appeal to a large class, cheap newspapers or novels, strawberries in July, ribbons and laces all the year: a fall in price stimulates a large increase in Demand, a rise in price means a corresponding decrease. Articles the Demand for which is in this manner very sensitive to changes of price, are said to be *elastic*. On an average of years, taken over a period sufficiently long to allow temporary deviations to balance one another, the value, we have already seen, is determined by the cost of production, but for a short period the value of any article may be greatly above or greatly below the cost of production. If a nation goes into mourning the increased intensity of Demand for black cloth will cause the hitherto sufficient Supply to be greatly lacking. A rise of price will take place independently of the fact that by waiting till production has time to adjust itself to the new conditions, a Supply able to cope with the needs of all will be available. Temporarily, cost of production is displaced as the determining factor of value by Demand and Supply. If, owing to the vagaries of fashion, the desire of a number of the buyers of velvet were suddenly quenched, the existing Supply could be turned into money only by a great reduction in price. Permanently, and in the long run, the price of things corresponds to their cost of production; for short periods Demand and Supply are the controlling agencies of price.

DEMAND DRAFT.—This is the name given to a bill of exchange which is drawn payable at sight, *i.e.*, immediately upon presentation. It needs no acceptance, and naturally days of grace do not extend to it.

DEMAND PASS.—Arising from the special conditions operating in London, there is a system known as "leaving dock on demand pass." Usually a lighterman has to give a receipt for the goods collected from a vessel, but in London he may, in his discretion, leave dock on a "demand pass," without giving any receipt. The lighterman has this right by virtue of an old statute, and exercises it when, for example, the tally is disputed or when, in the absence of the ship's clerk, he wishes to leave dock on a particular tide. Trouble arises when this right is exercised without thinking of its effect on the consignee, for in equity the demand pass is considered the equivalent to a "clean receipt," and should any shortage be revealed when the barge is unloaded the lighterman who left dock on a demand pass has no claim on the shipowner.

Disputes sometimes arise when a lighterman considers that goods placed in his craft are short or imperfect, but cannot prevail on the ship's clerk to accept a clausured receipt. The lighterman has the option of giving the requisite clean receipt, going out on demand pass, or refusing to move. Not one of these courses is satisfactory, since each will vitiate his principal interests. Failing prompt and successful mediation at the shipbroker's office, the best way out of the deadlock is for the lighterman to sign

as required "under protest," remove his craft, and at once have a formal written protest sent to the shipowner and a copy thereof furnished to the consignee.

DEMISE.—The legal word used to signify the granting of a leasehold or similar interest in an estate by the owner thereof to a tenant.

DEMONESTATION.—This is a technical term used to signify the falling away of a coin from its position of a legal tender to that of being merely a token. (See **TOKEN MONEY**)

DEMURRAGE.—Demurrage may be defined generally as a compensation paid by the shipper of goods to the shipowner for delay in taking his goods on board, or out of the ship which carries them, whether under a charter party or bill of lading. The days which are given to the charterer in a charter party either to load or to unload without paying for the use of the ship are the lay days, then days are sometimes given also in favour of the charterer which are called demurrage days. These are days beyond the lay days, but during which he has to pay for the use of the ship in a fixed sum. This fixed sum may be an agreed rate of compensation for every "day," "weather working day," or "hour," occupied in loading or unloading beyond the lay days. The word "demurrage," however, besides its strict meaning of an agreed compensation for delay in loading or discharging a ship, also includes damages becoming due to the shipowner for the detention of the ship in breach of the charter party or bill of lading, such damages may be in addition to demurrage proper, as when the ship is detained during all the agreed days on demurrage and longer, or they may be payable without any demurrage proper being due, if the charter party does not provide for days on demurrage. The term is also used, perhaps improperly, of detention of ships due to collisions, and their claims for compensation against the wrongdoer. Words have sometimes been introduced into the margin of a bill of lading, importing that the goods should be taken out of the ship within a certain time, or that, in default, a certain sum per day should be paid for every day afterwards; in such cases it has been decided that the person claiming and receiving the goods under the bill of lading is answerable for this payment, and thus although he may not have received notice of the arrival of the ship within the time, for it is his duty to inquire for and watch the ship's arrival, or although the bill of lading not having arrived in time, the merchant expecting the goods may have demanded, and the master may have refused to deliver them without the production of the bill of lading, or of an indemnity, for the master has a right to insist on this.

Demurrage is also charged when craft or railway trucks are kept under or awaiting load beyond a certain stated time limit known as the "free period."

DEMY.—This is the name given to a size of writing paper 22 ins. \times 15½ ins., of printing paper, 22½ ins. \times 17½ ins., and of drawing paper, 22 ins. \times 17 ins.

DENMARK.—Position, Area, and Population. The kingdom of Denmark is one of the smallest, weakest, least fertile, and least populous of European States. With its colonies it includes the Peninsula of Jutland (including North Slesvig, lately gained from Germany), the islands of Zealand, Falster, Funen, Laaland, Langeland,

Eroe, Moen, and Samsøe partly blocking the entrance to the Baltic; Laesøe and Anhøldt in the Kattegat, Bornholm in the Baltic, the Farøe Islands in the North Sea, Iceland (with an independent government, but owing the supremacy of the King) in the Arctic Ocean, and the Arctic Island of Greenland. Denmark proper, including the Farøe Islands, has an area of approximately 17,144 square miles, and a population of about 3,432,000 (96 per cent born in Denmark, and emigration only about one-fifth of the annual increase in population.) The country is largely an island kingdom, as its only land boundary (the frontier of Schleswig) is only some 50 miles long. On the west the North Sea forms the boundary, on the east the Kattegat and Öre Sund, and on the north the Skagerak.

The legislative power under the grundlov or charter of 1915, amended in 1920, is vested in the King and Rigsdag (Diet), which includes two houses, Folketing (Commons), and Landsting (Senate). There is universal suffrage for men and women of twenty-five years of age with fixed places of abode. The Folketing is elected for four years, the Landsting for eight years. Each of the twenty-two counties has a governor and county council, and Copenhagen has its own administration.

Coast Line. The coast line is very long, but there are few good harbours. Unfortunately for the commerce of Denmark, the North Sea coast, whose harbours are never frozen, is, like that of Holland, low, dangerous, bordered by sand ridges and lagoons, subject to fogs, and liable to be flooded by the sea. The north end of Jutland is cut off by Lyng Fjord, which was formed in 1825 by the sea breaking through the sand dunes. Danish fjords differ from those of Norway in having low and not high rocky sides. On the east the openings are deeper, and form good harbours. Copenhagen, Aarhus, and Aalborg are the chief ports. The Great Belt, the Little Belt, and the Sound divide up the country, and the possession of these sea-roads to the Baltic is still of great importance, though lessened somewhat by the construction of the Kiel Ship Canal. Vessels of large draught use the Great Belt; but the Sound, commanded by Copenhagen, is broad and deep enough for all the merchant shipping of the Baltic. The Little Belt is of no importance commercially or strategically.

Build. Denmark is the only European country which has no land over 600 ft. high; the highest point, Himmelberg (Heaven's Mountain), where the Baltic mainland Highlands end, is only 560 ft. high. Jutland is, structurally, a continuation of the low North German Plain, and contains large areas of moor and bog, some of which have been reclaimed. The east of the mainland and the islands are somewhat hilly. There are many marshes and small lakes (meres), but there are no rivers of importance, and all are of necessity short, the longest, the Gudenaa, is only 90 miles long. The gentle slopes and undulations, however, render aid to agriculture and communication.

Climate and Vegetation. The climate, generally speaking, partakes of the western (oceanic) and eastern (continental) types of Europe. Long, severe winters are characteristic of the wind-swept Baltic slopes, which are exposed to the full violence of the Siberian winds, when the Baltic entrances are obstructed with ice. Fogs are caused by the meeting of the warm south-west winds with the cold Baltic waters or with the eastern continental

winds. The prevailing winds are from the west, and, therefore, moisture-laden, but the absence of mountainous tracts to form a condensing barrier results in a comparatively small rainfall (similar to that of East Anglia). The fogs, however, are useful in providing moisture and enriching the pasture land. Summer temperatures are higher than those of England, while the winter temperatures are lower. Denmark is naturally a land of heath and moorland, of which much has been transformed into farm or forest land.

Soil. Sandy and peaty soils are common in Jutland, and chalky soils in the islands. Skilful cultivation has made these poor soils fertile, but they are naturally more suited to the pastoral industry than agriculture.

Productions and Industries. *Agriculture and the Pastoral Industry.* About 80 per cent of the land is, to some extent, productive, and about half of this is cultivated. Nearly half of the people are engaged in agriculture, numbering almost as many as in England and Wales (with more than ten times Denmark's population).

Denmark leads the world in agriculture, and has shown the way to a higher rural civilization. Its peasantry, the most enlightened in the world, living on small freehold farms (not more than one-fiftieth is composed of large estates), have for the past fifty years devoted themselves to the production of agricultural produce on scientific lines, and have built up a large export trade in butter, bacon, and eggs, based on a system of arable dairying. Recognising that dairy-farming produces much more food *pro rata* than meat production, and allows full scope for co-operative business and production, the Danes devote their agriculture to providing food for stock instead of human beings. The yield of crops is very high (wheat, 36·5 bushels, and barley 50 bushels to the acre). Roots, corn, and green fodder for cattle and pigs, are supplemented by foreign corn, bran, and cake. The chief crops are oats (1,112,000 acres), barley (628,000 acres), rye (559,000 acres), wheat (220,000 acres), mixed grain (480,000 acres), potatoes (208,000), flax, hemp, and beetroot (sugar production, 153,000 tons).

The dairy industry is very highly organised, and co-operative buying and selling organisations exist. To these institutions is due much of the credit for the high stage of development reached. Danish produce is known all the world over for quality and consistency. State assistance is granted in various forms—loans on easy terms to smallholders, special educational facilities, and the appointment of advisers. No butter is exported except from pasteurized cream, and all bacon exported must bear the Government stamp. There are 2,500,000 cattle (half of which are milch), 598,000 horses, 522,000 sheep, 1,430,000 pigs, and 18,000,000 hens. Doubtless, Denmark will continue to prosper as a supplier of provisions for the industrial areas of Western Europe.

Forestry. The beech forests, which once covered the land, are now of small extent, only 6 per cent. of the country being forested. In western Jutland, the wasteful destruction of forests has allowed the sand to spread inland, and thus some large tracts of useful land have been spoilt. Great efforts have, however, been made to redeem this land, and nearly 3,000 square miles of heathland have been converted into forest and farm land.

The Fishing Industry. Fishing for herring,

whiting, and cod in the North Sea waters is of considerable importance.

The Mining Industry is of very minor importance, coal is almost absent (a small amount is produced in Bornholm), and clay and peat are practically the only minerals.

The Carrying Trade. The Danes have always been good sailors, and their sea-carrying trade is an important source of wealth. It increased very largely during the Great War.

The Manufacturing Industries. Manufactures are very limited, owing to the lack of minerals, especially coal, and the want of water power. Much encouragement is given to local manufactures, however, as is shown by the flourishing condition of the Copenhagen Institute for the Encouragement of Danish Industry. Odense and Copenhagen have woollen factories, and Randers has glove factories. In the Royal Porcelain Works at Copenhagen some of the finest porcelain (original and hand-drawn or painted work) is produced. The chief industries are, however, closely related to agriculture—beet sugar, margarine, condensed milk, bacon, butter, and leather. Lately, Denmark has specialized in dairy machinery, and the Ford Motor Company have their largest continental works in Copenhagen. It is interesting to note that Denmark is the home of the diesel engine.

Communications. Roads are good for motor traffic, and railways traverse the peninsula from north to south. The "Belts" and the Sound provide good water communication, but interfere with road and rail traffic, a splendid ferry system, however, by which whole trains are carried from island to island, admirably overcomes the difficulty. Copenhagen, the centre of Danish life and trade, is linked by rail and ferry with every port, and considering the size of the country other communications are excellent. Light railways traverse the land, and largely aid the dairy industry. There are about 2,660 miles of railway, mostly State owned, 8,400 miles of telegraph line, and 553,000 miles of telephone wires. Railways and steam ferries connect Copenhagen by Gjedser with Warnemünde or by Korsør with Kiel and with Esbjerg.

Commerce. The chief exports are butter, cattle, pigs, horses, bacon, hams, skins, meal, oil-cake, eggs, lard, hides, sheep, tallow, and gloves. Textiles and other manufactured goods, coal, colonial produce, tobacco, cereals, wine, fruit, tea, flour, and timber are imported. The country enjoyed great prosperity during the Great War. The commercial position of Denmark is advantageous only in respect of the sea traffic between the North Sea and the Baltic Sea, and ice in winter and the traffic through the Kiel Canal lessen the trade through the straits. Greenland trade is a State monopoly. Denmark's principal market is the United Kingdom, and the competition of Dominion and Colonial producers of bacon and butter has now to be met; but the dairy industry is alive, and is studying and testing the possibilities of other countries. Much trade is carried on also with Germany, France, Belgium, Czechoslovakia, Sweden, and the United States.

Trade Centres. The chief towns are the ports and railway centres. Copenhagen is the only town with a population exceeding 100,000; five others have populations exceeding 20,000.

Copenhagen (Kjøbenhavn, the Merchant's Haven, with suburbs, over 666,000), the capital, chief port, chief trade centre, and chief seat of learning, is a city of spires and red roofs, situated partly on the

eastern coast of Zealand and partly on the northern extremity of the little island of Amager, which is separated from Zealand by the Kalvebodstrand, a narrow and deep branch of the Sound. To this waterway Copenhagen owes its prosperity and trade. North of the commercial and naval harbours of the waterway lies the new free port opened in 1894. Copenhagen imports and exports more than all the rest of the kingdom put together, and has for its most important industries ship-building, distilling, brewing, sugar-refining, fishing and the manufacture of textile fabrics, porcelain articles, pianos, clocks, and watches. Its population has greatly increased within the last fifty years. The "Constantinople of the North" possesses a university and a great museum of northern antiquities (Thorvaldsen collection). Its position, commanding the short route between the Baltic and the Kattegat, gives it great importance, and the establishment of train-ferry steamers between it and Malmö, in Sweden, swells its trade.

Aarhus (74,000), the largest mainland town, is an important port on the Kattegat, and commands the Great Belt. Its harbour is rarely blocked with ice, and its exports of cattle and dairy produce are great. The town has a general air of prosperity.

Odense (50,000), the birthplace of Hans Andersen, and the capital of Funen island, is an old, pretty, and clean town in the island of Funen. Its cathedral of St. Knud, the national saint, is a fine specimen of early pointed Gothic architecture. Chemicals and cloth are its chief manufactures.

Aalborg (72,000), on Lym Fjord, is a canal port, and an old and picturesque town. It is an important railway centre, and exports dairy produce.

Horsens (28,000) is a small port and railway centre.

Randers (27,000), in Jutland, on the Goudenaa, is a railway centre, and is engaged in the manufacture of gloves.

Elsinore (Helsingør), in Zealand, facing the Swedish port of Helsingborg, commands the Sound. Owing to its fine harbour and favourable situation, its population has greatly increased during the last twenty years. Up to 1857, Sound dues were collected here. Its Gothic castle of Kronborg is interesting for its connection with "Hamlet." The town's main industry is shipbuilding, and there are iron foundries and engineering works.

Korsør, in Zealand, is a packet station, and ferry port on the express route from Copenhagen to Kiel. **Frederikshavn**, 20 miles from the Skaw, was formerly a small fishing village. It possesses a fine harbour of refuge, and now exports much dairy produce. It is noted for its oysters.

Esbjerg, on the west coast of Jutland, is a rising port, trading regularly with Harwich and London. Its chief exports are butter, cheese, eggs, and bacon.

Roskilde, the ancient capital of Denmark, is an interesting old-world city, situated in Zealand on the Gjedser Warnemünde route to Berlin.

Fredericia, in the south of Jutland, is an important railway centre.

Shagen, on the Skaw, is a much-frequented sea bathing resort, with fine sands.

Svendborg is noted for its shipbuilding and distilleries.

Colonial Possessions. **Iceland**, acknowledged in 1918 a sovereign state united to Denmark under a common king, is a relic of the ancient continent of Arctics, an island, bleak and treeless, in the North Atlantic, just below the Arctic Circle, with an area

of nearly 40,000 square miles and a population of approximately 95,000. It is noteworthy for its glaciers and ice-fields, its numerous active volcanoes (Oræfa Jökull and Mount Hekla), its geysers, its high plateaux, and its dreary deserts of rocks. Only about 1,000 square miles of the island are habitable, and fishing, pasturing, and a little mining are the chief occupations of the people. Reykjavik (18,000), on the south coast, is the capital. Other towns of importance, all seaports, are Akureyri (2,500), Hafnafjord (2,300), and Isafjordur (2,000). The chief exports are sheep, cattle, ponies, fish, eider-down, feathers, and sulphur, and the chief imports are grain and meal, coffee, sugar, salt, cotton goods, tobacco, spirits, hardware, and timber.

The Færbøes (Sheep Islands, area = 515 square miles), discovered by the Vikings about the middle of the ninth century, lie midway between the Shetlands and Iceland. The rocks are volcanic, and basaltic sheets are common. Sheep rearing, fishing, and sea-fowl hunting are the principal occupations of the sparse population (20,000). A little barley is raised, but potatoes form a more important crop, while hay is cultivated as winter feed for the cattle. Thorshavn, on the east coast of Stromo, the largest of the twenty-two islands of the group, is the capital and chief town.

Greenland, a huge ice-capped Arctic island, according to Danish returns has an ice-free area of 50,000 square miles, and a population of 14,000. Hunting and fishing and mining for cryolite and graphite occupy the inhabitants of the few settlements. The exports consist of seal-oil, sealskins, bear and fox skins, cryolite, eider-down, feathers, tusks of the narwhal, and whalebone.

Until 1917 Denmark possessed three islands in the West Indies. **St. Croix**, **St. Thomas**, and **St. John**. These three islands, with an area of about 140 square miles and a population (mainly freed negroes) of about 35,000, were chiefly engaged in the cultivation of the sugar-cane, but their prosperity had declined in recent years. In the year above mentioned they were purchased by the United States of America for a sum of £5,000,000, and great efforts are now being made to develop their undoubted natural advantages.

Mails are dispatched twice a day from London to Denmark. The distance of Copenhagen from London is 728 miles, and the time of transit is about thirty-six hours.

DENTISTS' INDEMNITY.—An indemnity given to dentists in respect of claims which may be made upon them in cases of negligence or unskillful treatment. This and other similar indemnities are discussed under the heading **PROFESSIONAL INDEMNITIES** (*q.v.*).

DEPARTMENTAL ACCOUNTS.—This form of accounting is useful to show the results of the working of separate departments of a business, and necessitates a careful subdivision of the purchases, sales, and returns of goods, together with an allocation of the various expenses as between the departments. The information derived is highly important to the principals of a firm, enabling them to compare ratios of expenses, gross and net profits, and will occasionally lead to the discontinuance of an unprofitable department.

Stocks of Goods on hand. It will be necessary to have these taken and valued separately for each department, and it is advisable to have separate warehousing accommodation for them throughout

PURCHASE BOOK

[illegible]

SALES BOOK

[illegible]

the year. Frequently inter-departmental transactions take place, and appropriate books must be kept for recording them. Goods should be transferred from one department to another only when a note ordering them has been received, signed by a responsible official, and such notes should be carefully filed.

Purchases. Assuming that the size of the business does not warrant the use of separate purchase books, invoices for goods bought should, on receipt, be checked and marked with the department to be charged, and then entered in a purchase book having total column and columns for each department. Columns should also be provided for the various classes of expenses, and a rule should be made that invoices or demand notes for expenses be passed through the purchase book in all cases, by which means uniformity of treatment and ease of reference are assured. In some cases it is possible to allocate some of the expenses to the different departments at once, which will necessitate columns in the purchase book for this purpose. Thus, in the cotton shipping business, packing done by outsiders for the firm is often charged separately as between departments.

Invoices should be numbered consecutively and filed, a column in the purchase book recording the number.

Sales. As orders are made ready for forwarding, slips should be made out in the departments for each lot of goods, a carbon copy being retained. These slips should be bound in book form, perforated, and of different colours. The slips should then be handed into the counting-house, sorted, so as to collect those for each firm together, and the invoices made out in carbon copy book. The latter, after being checked, should be entered, without detail, in a sales book having separate columns for departments, unless the magnitude of the business allows of separate books being used.

Purchase and Sales Ledgers. It is usually disadvantageous to make use of separate ledgers for each department, which would multiply the amount of ledger work, but it is always advisable to keep purchase ledgers separate from sales ledgers. Further, it is always convenient to have the transactions with one firm shown all together, and not scattered about in several ledgers.

Returns inwards and outwards will be recorded in separate books having columns for the different departments. Slips should be handed in to the counting-house by the departments for returns outwards, which should be from differently coloured carbon copy books. Credit notes received will be numbered and filed.

Returns inwards should also be notified to the counting-house by the same means, and debit notes should be filed.

Cash Book. A discount analysis book may be used so as to divide the discounts, both allowed and taken. Failing this, separate columns should be provided, suitable for cases where the departments are few, as in the specimen rulings.

Nominal Ledger. The various expenses shown in the nominal ledger will require careful arrangement, with the best done at the end of each period of trading. Rent and rates are best apportioned according to the floor space used by each department. Heating, packing materials, and the like, should, if practicable, be apportioned as used by the different departments, and, if necessary, a stock-keeper should be placed in charge of stock

who will keep books to record the issue thereof. The total petty cash expended in respect of each department is best ascertained by providing separate columns for the departments in the petty cash book, those items not directly apportionable being entered in a column headed " sundries." Wages and salaries should be analysed, or, where advisable, the wages and salaries books may be ruled with analytical columns. Fire and burglary insurance premiums should be split according to the basis on which each department's stock is insured, and workmen's compensation insurances in the proportions shown by the analysis of wages and salaries.

Printing and stationery can, as far as regards items ordered for the use of different departments, be charged direct, or, if necessary, the stock should be in the hands of a stock-keeper. That used in the counting-house will be apportioned with counting-house expenses. Carriage, postage, and repairs can be analysed and charged accordingly. Travelling expenses may sometimes be fairly accurately divided, dependent upon circumstances, such as the number of departments represented by each traveller. Bank commission and counting-house expenses generally should be divided according to a ratio agreed upon by the principals. The apportionment of depreciation depends on circumstances, and is usually an unimportant item.

An interesting point arises where under a partnership deed certain of the partners are entitled to fixed shares of the net profits made by the departments in their charge. Where this occurs, and interest on capital is provided for under the deed, such interest, together with that payable on loans or to bank, may be split up on similar lines to the following—

Total interest on capital and loans

Deduct interest at average rate on fixed assets

Balance to be divided between departments in proportion to turnover.

The share of each department will then be increased by the interest on the fixed assets, if any, exclusively employed by that department.

Where separate trading accounts only are required, many of the above adjustments will not be necessary.

DEPARTMENTAL STORES, ORGANISATION

OF.—The departmental store is the most advanced and modern form of retail enterprise. Where successful it has almost invariably been built up on a scientific basis, and perfect organisation has invariably been the means by which its success has been achieved.

The owner of the single shop founds his enterprise on individuality, which, coupled with organisation and systematic trading, constant personal attention to the requirements of customers, together with an advantageous position, generally produce the results that the trader desires.

The departmental store, on the other hand, must achieve its success without the presence of that individuality which is so great an asset to the single shop. It is a business enterprise which is so planned and so organised that it can produce the same results as the single shop, but it does so by means of a system of co-operation, which is the result of a scientific organisation. It is a business enterprise which is so planned and so organised that it can produce the same results as the single shop, but it does so by means of a system of co-operation, which is the result of a scientific organisation. It is a business enterprise which is so planned and so organised that it can produce the same results as the single shop, but it does so by means of a system of co-operation, which is the result of a scientific organisation.

trade, not out of casual sales to individuals who will never pass his shop again, but out of an ever-increasing number of permanent customers. He must be able to make the name of his stores as individual as that of the proprietor of a single shop living amongst his customers, and known to them as one of their townsmen.

Departmental stores may be divided into three classes, although in truth there is no sharp dividing line, one class merging gradually into another. The first problem that faces the storekeeper is contained in the question "For whom am I going to cater?" For the class of persons who can and will afford luxuries, or for the general mass of the people who are willing to pay a fair price for a sound article, or, lastly, for the class that demands the cheapest of goods, and either cannot or will not afford any other. This classification, which was adopted in an advertising article in an American publication, *Printers' Ink*, will no doubt appeal to the reader, who will be able to supply examples of each type of store from his own acquaintance with famous British departmental undertakings.

The question regarding *clientèle* being answered, the next problem to be solved is the creation of individuality, and this is always a matter of organisation. It consists of creating in the mind of the shopper an atmosphere which is always associated with that particular store and no other; hence the atmosphere must be a pleasing one which will have the effect of making the casual shopper a permanent customer, and it will always be based on prompt and polite service, and the feeling that the whole establishment exists for the personal benefit of the individual customer, and not that the customer is allowed to exist for the benefit of the store.

Service consists of numerous elements all of which are the result of organisation. It is sometimes said that the success of a store depends upon advertising "backed by the goods and the service," but it is better to consider that service is a term including also goods and advertising. Service starts with the buyer, and the chief buyer of a departmental store must, first of all, be capable of taking the place of any salesman in the establishment.

It is much more important in organising a departmental store than in the organisation of a single shop that no article shall find a place in the store that has not a ready sale, nor has the departmental store the advantage that the chain store or multiple shop has, in that goods which fail to find purchasers have often to be sold at a loss, whereas in chain stores goods unsuitable for one locality may go the round of the shops and find ready purchasers in another locality.

The history of all large departmental stores which have proved a success, whether in England, France, or the United States, indicates that, with very few exceptions, their foundation is to be found in the drapery business, which lends itself to unlimited extension. It is a well-known fact that the jeweller very rarely extends his business to include drapery and household furnishing, that the furniture dealer rarely extends to include departments beyond the provision of house furnishings in the shape of curtains, cushions, etc., but numerous examples can be quoted in which the draper has become a universal provider.

Perhaps a second type of expansion is to be found amongst grocers and provision merchants, who have extended, but rarely beyond the requirements

of the larder and kitchen. Few instances can be cited of the opening of a store as a departmental store, completely organised at its inception. Where such a case exists it will generally be found that it is merely the opening of a new branch departmental establishment by the owner of establishments already in existence which have been developed from the single shop.

Organisation, therefore, should be treated as a matter of growth, and the best organiser is the man who appreciates the fact that whilst he may be an excellent draper or grocer he cannot possibly have a complete knowledge of all the other undertakings that he wishes to add to his business. He will, in consequence, call to his assistance well-qualified men with a knowledge of the business in question; men who understand markets, who can gauge the requirements of customers and who know how the business should be run. Success will not come where departments are opened in a haphazard manner merely as side lines. A definite plan must first be formulated and the business must be erected according to plan. Stores must be built up department by department, and the process must be accompanied by a division of responsibility. The one-man business will never prosper unless it is supported by departmental managers with complete freedom of development after broad outlines of policy have been indicated.

Aim of Stores. The ultimate aim of a departmental store should be to provide in one establishment the means for customers to satisfy all their requirements. The appeal made to the public is a matter of psychology, which is one of the most important factors in the business of selling as it is in the business of advertising. The stores make a decided appeal as the modern demand of the human beings for ease and comfort in all they do, and a well-organised business, whether departmental or otherwise, will have for its aim "easy buying," and easy buying comes only where service is good and regular.

The owner of the business, in case of individual ownership, or the managing director in the case of a limited liability company, will be the central point around which the whole business is gathered. He is the connecting link between all departments. Immediately responsible to him will be the heads of the two main executive branches, namely, managerial and financial. The managerial control will be in the hands of a working general manager, to whom, in turn, the various technical heads of departments will be responsible.

On the financial side will be the general secretary and the accountant. These two offices may very conveniently be combined in one person, i.e., the secretary.

Up to this point the question of departments has been left out of consideration, as general control of all departments is vested in the manager and the secretary.

We will now, however, consider the organisation of the departments, starting from the bottom and dealing with distribution first.

Organisation of Distribution. The first element in distribution organisation is the salesman who comes into direct contact with the customer. Each department will have its necessary quota of sales assistants, men and women; and with them will be trained the future salesman of the business, the apprentice. Their work will be co-ordinated by the shop-walker, or, as he is called in America, the reception clerk, who acts also, as a general rule, as

a checker, his initials being required by some houses on all sales slips. The work of the shop-walkers or under-managers in each department is again co-ordinated by the departmental manager, finally responsible to the general manager for the success of his department, and as we have already indicated, having full responsibility, apart from matters of broad policy, for the conduct of the department.

Whilst salesmanship is of the greatest importance, bringing the customer into direct contact with the business and its commodities, there is much that goes on behind the scenes which is not seen by the public, but the control and efficiency of which may mean all the difference between success and failure. Proper choice of staff in the unseen branches of a huge business is an important matter, and amongst those who come under the control of the general manager will be the warehousemen and packers. It is the function of the person in charge of this department to see that orders in the various selling departments are properly co-ordinated, that no waste journeys are made, that goods are properly packed and promptly dispatched. Booked orders, when given personally and not through the post, including, as they often do, items from various departments, are sometimes delivered separately from each department. This is due to weak organisation and is wasteful in the extreme, and the making up of orders for delivery should be so organised that no waste of energy can possibly occur. In a smaller store, warehousing and delivery would come under one head. In a larger store, however, portage, carting and delivery would be separated from warehousing. All costs in relation to warehousing and delivery would be apportioned on an equitable basis as between the various departments.

Financial and Secretarial Organisation. The work of receiving cash for purchases made generally devolves on young girls specially trained for this work. These pay or cash desk girls are responsible to the department cashier, who, in turn, is responsible to the chief cashier with his staff of confidential assistants. Sales on credit or charged to account are dealt with exactly as they will be dealt with in a single business, and when orders come through the post the staff in the chief cashier's office will be responsible for the analysis of the business into departments, each department being credited with the value of the goods sent out from that department. Usually, however, a large departmental store will find it necessary to create a mail order branch, in which case a separate department will be set up. The accounts of the mail order business will be kept separately for the purposes of statistical records, but may be analysed and credited to the various departments for the purposes of final accounts. The chief cashier is responsible directly to the secretary, unless the secretarial functions are divided into purely secretarial and accounting. The better plan, however, is to appoint an accountant responsible to the secretary, and this official will have responsibility in connection with the financial books.

An important part of the organisation of a large business is the making of statistical records. This is best done in the secretarial department and in the devolution of responsibility, the statistical branch is the first branch in which the distributive and financial sides of the business come into contact. The second point will be in the case of warehousing and delivery. The distributive side of the business is also the receiving side, and whilst buying

and selling come under the general manager, the financial aspect of buying and selling is controlled by the secretary, the control being exercised through the warehouse. Hence, the warehouse is a point at which the two branches of business come together. Contact is again made in the person of the shop-walker, who acts as the checker between the salesman and the cash desk.

Correspondence. Correspondence will be opened in the office of the managing director, and from there it will pass through the managing director's office or through the secretary into the hands of the person who finally deals with it in the various departments or offices. Where there is a large bulk of correspondence owing to a mail order department being opened, mail order letters should be keyed so that they may pass direct to the mail order department.

Duties of Staff. The duties of the various members of the staff below the general manager and secretary are exactly those which would devolve upon them in a single shop. The departmental manager is in the position of a manager of a shop responsible for buying and selling, and usually he has complete control. The assistants carry out their duties under his directions even although a staff manager may be appointed to look after their welfare apart from the actual business of selling. The duties of the warehousemen are those of the store-keeper of any concern, namely, the checking of goods inwards and outwards as to weights, quality and condition, and general agreement with invoices, and the passing of the necessary records to the financial side of the business.

Credit sales in each department are entered into a columnar day book which is passed each day from the departmental cashier to the chief cashier's office, and here the ledgers are posted, and where credit sales are numerous this involves the keeping of two day books used on alternate days. Cash takings in each department are returned to the chief cashier and the departmental cashiers' totals must correspond with the figures shown in the cash summary book in the chief cashier's office.

Miscellaneous. Important in the organisation of a large store is staff welfare, and this generally devolves either on a welfare supervisor or on a staff manager specially appointed for the purpose. Welfare includes proper provision of meals, organisation of recreation, and everything that is possible for the comfort of the assistants which is not second to the comfort of the customers. For the latter the more modern establishment provides tea-rooms, dressing-rooms, and some of the more advanced establishments make provision for entertainments, provide theatre ticket offices, and in the larger towns *bureau de change*.

DEPARTMENT OF OVERSEAS TRADE.—(See BOARD OF TRADE.)

DEPENDENCIES.—Although this term is, in general, applied to territories rather than to anything else, it has also a business meaning, and signifies assets which are likely to accrue, but which cannot at present be determined with exactitude. Such assets are the possible profits arising out of an adventure or a partnership, dividends to be received on stocks and shares, etc.

DEPONENT.—The person who makes an affidavit (*q.v.*).

DEPORTATION.—For centuries Great Britain has been the most hospitable of nations in permitting the free immigration of foreigners, irrespective of

nationality or creed. This privilege, like every other privilege, has been greatly abused, and by the end of the nineteenth century it became necessary for the British authorities to consider the question of the unrestricted influx of foreigners. Certain restrictions were first imposed by the Aliens Act, 1905, and these restrictions have since been increased, by an Act passed in 1919. But in any case, when an alien has been admitted into this country the Legislature has provided that in certain cases he may be removed, or deported. Thus, if an alien is convicted of one or more of certain offences, the condemning judge or magistrate may recommend that he shall be deported. The judicial authority can do no more than recommend this drastic procedure; the final decision lies with the Home Secretary. If he assents, the alien must depart; if, on the other hand, he takes no action, the recommendation as to deportation is of no effect. The chief provisions of the Aliens Restriction (Amendment) Act, 1919, touching this subject are set out in the article on ALIEN.

DEPOSIT.—There are three senses in which this word is used. It signifies—

(1) Goods or securities which are placed by one person under the care of another for safe custody. With this meaning, it is a shortened form of "depositem," one of the six classes of bailment (*q v*).

(2) Money which is placed by one person in the hands of another as the security for the carrying out of the terms or conditions of an agreement, or in part payment on a sale, or as earnest money to bind a contract. Thus, whenever a sale of land takes place, it is generally one of the conditions of sale that the purchaser shall pay down a deposit, frequently 10 per cent., on account of the purchase price. This deposit keeps the purchaser to his contract, for if he cries off or refuses to complete, the vendor is entitled to retain the sum paid. And so strict is this rule, that not even the trustee in bankruptcy can reclaim the deposit if the purchaser is unable to complete his bargain through bankruptcy proceedings being taken against him subsequently to the actual date of the contract of sale.

(3) Money lodged with a banker at a fixed rate of interest, either as a permanent investment or for some definite period. (See DEPOSIT ACCOUNT.)

(4) Title deeds handed over as a security for a loan, these constituting what is called an equitable mortgage (*q v*), when there is no writing in existence to satisfy the Statute of Frauds (*q v*).

DEPOSIT ACCOUNT.—Instead of having a current account, or another account in addition to a current account, a person may leave in the hands of a banker sums of money which can be withdrawn only upon a certain number of days' notice. Upon this account, interest is allowed at rates which vary with different banks.

When money is left on deposit, the depositor takes a bank's deposit receipt for it, though in some districts a special pass book is issued, as being less likely to be lost. This book is frequently practically the same as that issued by the Post Office Savings Bank. Each item in the book is initialed by the cashier receiving the money or making a payment, and the book must be produced each time a transaction takes place. A pass-book of this kind usually carries, in bold type, some such heading as the following: "Monies in this account bear interest, and are subject to . . . days' notice

when withdrawn. Interest to cease when notice is given. No payment will be made except upon production of this book."

DEPOSIT BILL.—The document given when snuff is abandoned and delivered up to the Crown. Full particulars are given as to the snuff to be abandoned, and the document is lodged at the Customs at the port of deposit. With it there is also lodged a signed statement that on receipt of the drawback (*q v*), it is intended to abandon the snuff to the Crown.

DEPOSITOR.—The person who places money upon deposit.

DEPOSIT RATE.—This is the rate of interest allowed by bankers and others upon sums of money placed with them upon deposit. In some cases the rate of interest is fixed, but at most London banks, and also at many country banks, the rate paid varies according to the Bank Rate (*q v*).

DEPOSIT RECEIPT.—This is a receipt given by bankers and others, when money is deposited with them, either at call or upon notice, and in it is specified the length of the notice to be given and the rate of interest payable. The form of deposit receipt used by bankers differs considerably, but in some shape or other it generally conforms to the above requisites. A deposit receipt is not a negotiable instrument, and a banker is liable if he pays out the money to any person other than the rightful owner.

DEPOT.—A place where goods are placed for safe custody. The word is sometimes used to denote a store or warehouse, a military station, or a railway terminus.

DEPRECIATION.—Depreciation is the name given to loss in value of assets through wear and tear, supersession, obsolescence, termination of the work on which they are employed, rise and fall in value by market fluctuations, etc.

As causes giving rise to depreciation of assets occur in many businesses which are peculiar to the particular business, no fixed rules can be laid down for its computation, but in regard to the assets which are ordinarily used, the following points should always be considered—

- (a) The original cost.
- (b) Amount spent on repairs.
- (c) Probable life of the asset.
- (d) Present market value.
- (e) Break-up or residual value.

The break-up value is the scrap value less cost of breaking up, and is of a very fluctuating nature, e.g., light machinery, the value of which lies in the fitness of the workmanship, will carry only a very low break-up value, but heavy machinery, the value of which lies more in the quantity of material it embodies, will carry a high break-up value.

The computation of depreciation is usually made by one of the following methods—

- (a) By writing off an equal proportion of cost each period,
- (b) By writing off a fixed rate per cent on diminishing balances,

this being a satisfactory method in many cases, as by its adoption regard is had to the question of repairs, which are light in the earlier years, when the amount of depreciation is greatest, and high in the later years, as the amount of depreciation becomes lighter.

- (c) By the "Annuity" method, by which interest

Machinery and Plant Account.

Depreciated at 10 per cent. per annum on original cost written off annually, so extinguishing the cost in ten years

Dr.				Cr.			
1919.				1919			
Jan. 1	To Cash	£	9,450 0 0	Dec 31	By Depreciation	£	945 0 0
				" "	" Balance c/d ..		8,505 0 0
			£9,450 0 0				£9,450 0 0
1920.				1920			
Jan. 1	To Balance b/d	£	8,505 0 0	Dec 31	By Depreciation	£	945 0 0
				" "	" Balance c/d ..		7,560 0 0
			£8,505 0 0				£8,505 0 0
1921				1921			
Jan. 1	To Balance b/d ..	£	7,560 0 0	Dec 31	By Depreciation	£	965 17 6
Mar 16	" Cash		208 15 0	" "	" Balance c/d		6,802 17 6
			£7,768 15 0				£7,768 15 0
1922							
Jan. 1	To Balance b/d	£	6,802 17 6				

Machinery and Plant Account.

Depreciated by equal annual instalments to leave a residual value of £250 at the end of five years.

Dr.				Cr.			
1919				1919			
Jan. 1	To Cash . . .	£	3,000 0 0	Dec 31	By Depreciation	£	550 0 0
				" "	" Balance c/d		2,450 0 0
			£3,000 0 0				£3,000 0 0
1920				1920			
Jan. 1	To Balance b/d ..	£	2,450 0 0	Dec 31	" Depreciation	£	550 0 0
				" "	" Balance c/d ..		1,900 0 0
			£2,450 0 0				£2,450 0 0
1921				1921			
Jan. 1	To Balance b/d	£	1,900 0 0	Dec 31	By Depreciation	£	550 0 0
				" "	" Balance c/d		1,350 0 0
			£1,900 0 0				£1,900 0 0
1922				1922			
Jan. 1	To Balance b/d	£	1,350 0 0	Dec 31	By Depreciation	£	550 0 0
				" "	" Balance c/d		800 0 0
			£1,350 0 0				£1,350 0 0
1923				1923			
Jan. 1	To Balance b/d	£	800 0 0	Dec 31	By Depreciation	£	550 0 0
				" "	" Balance c/d		250 0 0
			£800 0 0				£800 0 0
1924							
Jan. 1	To Balance b/d	£	250 0 0				

Fittings and Fixtures Account.

Depreciated annually at 5 per cent per annum on diminishing balances

Dr.				Cr.			
1919		£	s d	1919		£	s d
Jan 1	To Cash .. .	729	10 0	Dec 31	By Depreciation .. .	36	9 6
				" "	" Balance /d .. .	693	0 6
		£729	10 0			£729	10 0
1920				1920			
Jan 1	To Balance b/d	693	0 6	Dec 31	By Depreciation . . .	34	13 0
				" "	" Balance c/d . . .	658	7 6
		£693	0 6			£693	0 6
1921				1921			
Jan. 1	To Balance b/d	658	7 6	Dec. 31	By Depreciation . . .	33	18 7
May 15	" Cash ..	20	4 9	" "	" Balance c/d . . .	644	13 8
		£678	12 3			£678	12 3
1922.							
Jan 1	To Balance b/d	644	13 8				

Machinery and Plant Account.

*Depreciated annually on diminishing balances to leave a break-up value of £250 at the end of five years**Rate of Depreciation, 39 1634 per cent*

Dr.				Cr.			
1919		£	s d	1919.		£	s d
Jan. 1	To Cash .. .	3,000	0 0	Dec 31	By Depreciation .. .	1,174	18 6
				" "	" Balance c/d .. .	1,825	2 0
		£3,000	0 0			£3,000	0 0
1920				1920			
Jan 1	To Balance b/d	1,825	2 0	Dec. 31	By Depreciation .. .	714	15 5
				" "	" Balance c/d .. .	1,110	6 7
		£1,825	2 0			£1,825	2 0
1921				1921			
Jan 1	To Balance b/d	1,110	6 7	Dec. 31	By Depreciation .. .	434	16 10
				" "	" Balance c/d . . .	675	9 9
		£1,110	6 7			£1,110	6 7
1922.				1922			
Jan 1	To Balance b/d	675	9 9	Dec 31	By Depreciation .. .	264	10 11
				" "	" Balance c/d .. .	410	18 10
		£675	9 9			£675	9 9
1923.				1923.			
Jan 1	To Balance b/d	410	18 10	Dec. 31	By Depreciation . . .	160	18 10
				" "	" Balance c/d . . .	250	0 0
		£410	18 10			£410	18 10
1924							
Jan 1	To Balance b/d	250	0 0				

Lease Premium Account.

Cost £2,500 for ten years, written down by equal annual instalments, with interest at 5 per cent per annum on diminishing balances

Dr.					Cr				
1919 Jan 1 Dec 31	To Cash ,, Interest	£ 2,500 125	s 0 0	d 0 0	1919 Dec 31 ,,	By Depreciation ,, Balance c/d	£ 323 2,301	s 15 4	d 2 10
		£2,625	0	0			£2,625	0	0
1920 Jan 1 Dec 31	To Balance b/d ,, Interest	2,301 115	4 1	10 3	1920 Dec 31 ,,	By Depreciation ,, Balance c/d	323 2,092	15 10	2 11
		£2,416	6	1			£2,416	6	1
1921. Jan 1 Dec 31	To Balance b/d ,, Interest	2,092 104	10 12	11 6	1921 Dec 31 ,,	By Depreciation ,, Balance c/d	323 1,873	15 8	2 3
		£2,197	3	5			£2,197	3	5
1922 Jan 1 Dec 31	To Balance b/d ,, Interest	1,873 93	8 13	3 5	1922 Dec 31 ,,	By Depreciation ,, Balance c/d	323 1,643	15 6	2 6
		£1,967	1	8			£1,967	1	8
1923 Jan 1 Dec 31	To Balance b/d ,, Interest	1,643 82	6 3	6 4	1923 Dec 31 ,,	By Depreciation ,, Balance c/d	323 1,401	15 14	2 8
		£1,725	9	10			£1,725	9	10
1924 Jan 1 Dec 31	To Balance b/d ,, Interest	1,401 70	14 1	8 9	1924 Dec 31 ,,	By Depreciation ,, Balance c/d	323 1,148	15 1	2 3
		£1,471	16	5			£1,471	16	5
1925. Jan 1 Dec 31	To Balance b/d ,, Interest	1,148 57	1 8	3 1	1925 Dec 31 ,,	By Depreciation ,, Balance c/d	323 881	15 14	2 2
		£1,205	9	4			£1,205	9	4
1926. Jan 1 Dec 31	To Balance b/d ,, Interest	881 44	14 1	2 9	1926 Dec 31 ,,	By Depreciation ,, Balance c/d	323 602	15 0	2 9
		£925	15	11			£925	15	11
1927. Jan 1 Dec 31	To Balance b/d ,, Interest	602 30	0 2	9 0	1927 Dec 31 ,,	By Depreciation ,, Balance c/d	323 308	15 7	2 7
		£632	2	9			£632	2	9
1928. Jan 1 Dec 31	To Balance b/d ,, Interest	308 15	7 7	7 7	1928. Dec 31	By Depreciation	323	15	2
		£323	15	2			£323	15	2

is charged to the debit of the asset on diminishing balances period by period, on the ground that had the amount been invested otherwise than in the asset it would have had an earning capacity, and that, therefore, the interest on the cost of the asset is an expense on account of its use as distinct from an expense against the business as a whole, and then providing for the original value and such interest being written off by equal periodical instalments.

(d) By revaluation of the asset, the difference being written off against profit.

The percentages written off should be such that the asset will be extinguished by the time it is valueless, or reduced to the break-up value by the time at which it is considered it will be necessary to replace it, and under methods (a) and (b) a revaluation should be made every few years, in order to determine whether the rate of depreciation adopted should be adhered to, increased, or diminished.

In all cases the asset should be kept in a good state of repair out of revenue.

On pp 588-590 are the accounts of various assets, showing how they would appear adopting methods (a), (b), and (c) respectively, the computations for the more intricate rates being made by the use of logarithms or derived from interest tables.

The following are usual rates of writing down various assets, assuming that a business is working ordinary hours when considering those used in production—

Freehold Land and Buildings. 1 per cent on reducing values, much depending upon the location of the property, whether the surroundings have a tendency to increase or diminish the value, and the amounts spent on repairs and upkeep.

Leasehold Properties. In dealing with these, consideration must be given to the fact that at the termination of the lease the property, together with any plant, machinery, etc., attached thereto, become the landlord's, and the lease usually stipulates that the property must be handed over to him in a fair state of repair.

Hence the following must be considered separately—

(a) The premium paid for the lease, which is best depreciated by the "Annuity" method.

(b) The cost of plant, machinery, etc., attached, which should be written down in the usual way, its life being taken as the period of the lease.

(c) Necessary expenditure of putting the premises in the condition required by the lease on its termination, which should be provided for by the creation of a sinking fund of adequate amount, the debit being made to the lease premium account and taken to profit and loss account as part of the annual cost of the lease.

Patterns and Moulds. By re-valuation, or 25 per cent. to 33½ per cent. on reducing balances.

Loose Tools. By re-valuation.

Machinery and Plant. *Engines*, 10 per cent to 12½ per cent on reducing balances, much depending upon whether they are portable or stationary.

Boilers, 12½ per cent. to 20 per cent. on reducing balances, much depending upon whether they are high or low pressure, quality of water used, and any other special factors which may come into operation.

Driving Gear, 7½ per cent on reducing balances.

General Machines 5 per cent to 7½ per cent. on original cost, or 7½ per cent. on reducing balances, unless subject to a lease or used for a special contract or venture.

Furniture and Fixtures. 5 per cent to 7½ per cent. on diminishing values.

Rolling Stock. *Locomotives*, 10 per cent on original cost.

Wagons 7½ per cent. on reducing balances, these requiring an extraordinary amount of repair which keeps up the value.

Horses. If few in number, should be re-valued each period of balancing; if many, they may be either re-valued or depreciated, an amount of about 15 per cent. in this case equalising with the average loss on re-valuation.

Patents. Written off over life by equal periodical instalments.

Copyrights. These are granted for a period of years as shown in the article on Copyright (*qv*), and vary according to their subject-matter. They should be written down according to the nature and sale of the work.

Goodwill. By writing off as rapidly as possible, it never being safe to regard it as of permanent value, although its actual value may be retained or increased.

Company Formation Expenses. Usually written off over three, five, or seven years.

Casks, Bottles, etc. By re-valuation.

Crockery, Table Linen, etc. By re-valuation.

Shares, Bonds, etc. Cost price is retained unless the value has fallen, and then they are depreciated according to the state of the market. If the cost is unlikely to be recouped, the difference should be written off, and if appreciation has taken place which is likely to be permanent, a special reserve fund should be created in respect thereof.

DEPRECIATION, ASSETS AFFECTED THEREBY.—Methods of treating Depreciation. Depreciation may be said to be the diminution in value of an asset consequent upon wear and tear, obsolescence, effluxion of time, permanent fall in market value, etc.

The loss by reason of wear and tear is obviously inherent in all assets which are more or less constantly in use. It has been said that where, for instance, machinery is kept running night and day by a system of double shifts, the life of such machinery is considerably less than half that of similar machinery employed for one shift only.

The risk of obsolescence to machinery in some businesses is very considerable, as, for instance, certain branches of the leather and cotton trades.

An instance of assets on which the depreciation is governed by effluxion of time occurs in the case of Leasehold Property. If the life of the buildings erected upon the land is estimated to be shorter than the term of the lease, the buildings should be depreciated at a proportionately higher rate, but if the buildings are expected to last for a longer period than the term of the lease, the value of both lease and buildings should be depreciated according to the number of years unexpired, as the lessor will claim the buildings as well as the land on expiry. Under most leases the clause making the lessee liable for dilapidations will also affect the rate of depreciation, and the probable cost of such dilapidations must be estimated.

The contingency of a permanent fall in market value is difficult to foresee, and is, therefore, the factor most likely to be wrongly estimated.

Other assets presenting great difficulty are Patents and Patterns (in the engineering trade). Where a patent is brought out by a firm, as distinct from the purchase of a patent, the

Example (1)—

<i>Dr</i>		OFFICE FURNITURE, FITTINGS, ETC				<i>Cr</i>
1919				1919		
Jan. 1	To Cash . . .	..	£48 10 0	Dec. 31	By Depreciation at the rate of 5 per cent. per annum on cost ..	£2 8
				" "	" Balance . . .	46 1
			<u>£48 10 0</u>			<u>£48 10</u>
1920				1920		
Jan 1	To Balance . . .	.	£46 1 6	Dec 31	By Depreciation 5 per cent on cost £48 10s ..	£2 8
				" "	" Balance	43 13
			<u>£46 1 6</u>			<u>£46 1</u>
1921						
Jan. 1.	To Balance .. .	.	43 13 0			

Example (2)—

<i>Dr.</i>		OFFICE FURNITURE, FITTINGS, ETC.				<i>Cr</i>
1919				1919		
Jan 1	To Cash ..	£48 10 0	Dec 31	By Depreciation at 5 per cent. per annum ..	£2 8	
			" "	" Balance ..	46 1	
		<u>£48 10 0</u>			<u>£48 10</u>	
1920				1920		
Jan 1	To Balance ..	£46 1 6	Dec 31.	By Depreciation 5 per cent on £46 1s 6d ..	£2 6	
			" "	" Balance ..	43 15	
		<u>£46 1 6</u>			<u>£46 1</u>	
1921						
Jan 1.	To Balance ..	43 15 5				

consequences of the use of too low a rate of depreciation are not so serious, as the book value of the patent under such circumstances will usually be low, consisting only of the cost of Experiments, Patent Fees, Patent Researches, and the like. Where, however, a patent is purchased at a relatively high figure, liberal depreciation should be provided, especially if the patent has not been previously worked. In any case, the difficulty is to foresee the length of time during which the patented article is likely to hold the market, and as the great bulk of patents do not prove even an initial success, the legal term of sixteen years, with possible renewal for a further five years, has a bearing only where the article has a permanent sale. One can only conclude, therefore, that it is safer to write off as high a percentage as a sanguine board of directors will approve. Some small assistance may be drawn from the proofs of reliability and originality which the purchasing firm would naturally require before buying the Patent Rights.

Patterns (of wood or metal) are in some respects similar to Patents as regards depreciation, as they depend on the continued sale of the particular article. A very high rate of depreciation, from 20 per cent to 33½ per cent. per annum, or more, should, therefore, be employed.

Freehold Land ordinarily does not depreciate but in certain localities has been known to fluctuate in value. Buildings, Fencing, etc., erected there should be depreciated at a low rate.

Goodwill cannot be said to depreciate. It is an intangible asset, and its value in the books of firm should represent the price paid for it, subject to any amount written off. An amount passed through in reduction of the book value of Goodwill should never be styled depreciation, but "Amount written off Goodwill."

The methods of treating depreciation in the book of a mercantile concern are—

(1) By writing a percentage or a fixed sum of the original cost of the asset at the end of each period, which sum is debited to profit and loss account. See example (1) on this page.

(2) By writing a percentage of the diminishing value of the asset at the end of each period, an debiting it to profit and loss account. In this case the value of the asset as brought down in the books from the last period of trading will be the basis on which the percentage will be taken. A such value is, subject to additions in the way of purchases, a constantly decreasing one, this method is stated to be advantageous in that the burden against the profit and loss account is heavier



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AND DICTIONARY OF COMMERCE

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<i>Dr</i>		LEASE ACCOUNT				<i>Cr.</i>			
1919				1919					
Jan. 1	To Balance ..	£1,000	0 0	Dec 31	By Depreciation ..	£367	4 2		
Dec 31	„ Interest at 5 per cent	50	0 0	„ „	„ Balance ..	682	15 10		
"		<u>£1,050 0 0</u>				<u>£1,050 0 0</u>			
1920				1920					
Jan 1	To Balance ..	£682	15 10	Dec 31.	By Depreciation ..	£367	4 2		
Dec 31.	„ Interest at 5 per cent	34	2 9	„ „	„ Balance ..	349	14 5		
		<u>£716 18 7</u>				<u>£716 18 7</u>			
1921				1921					
Jan. 1.	To Balance ..	£349	14 5	Dec. 31	By Depreciation ..	£367	4 2		
Dec 31.	„ Interest at 5 per cent.	17	9 9						
		<u>£367 4 2</u>				<u>£367 4 2</u>			

<i>Dr</i>		DEPRECIATION ACCOUNT		<i>Cr.</i>			
1918		1918					
Dec 31	To Balance c/d	..	<u>£2,167 7 3</u>	Dec 31	By Profit and Loss a/c	..	<u>£2,167 7 3</u>
1919		1919					
Dec 31	To Balance c/d	..	<u>£4,388 18 2</u>	Jan 1	By Balance c/d	..	<u>£2,167 7 3</u>
				Dec 31	„ Interest	..	<u>54 3 8</u>
				„ „	„ Profit and Loss a/c	..	<u>2,167 7 3</u>
			<u>£4,388 18 2</u>				<u>£4,388 18 2</u>
1920		1920					
Dec 31	To Balance c/d	..	<u>£6,665 19 10</u>	Jan 1	By Balance c/d	..	<u>£4,388 18 2</u>
				Dec 31	„ Interest	..	<u>109 14 5</u>
				„ „	„ Profit and Loss a/c	..	<u>2,167 7 3</u>
			<u>£6,665 19 10</u>				<u>£6,665 19 10</u>
1921		1921					
Dec 31	To Machinery a/c	..	<u>£9,000 0 0</u>	Jan 1	By Balance b/d	..	<u>£6,665 19 10</u>
				Dec 31	„ Interest	..	<u>166 12 11</u>
				„ „	„ Profit and Loss a/c	..	<u>2,167 7 3</u>
			<u>£9,000 0 0</u>				<u>£9,000 0 0</u>

<i>Dr</i>		INVESTMENT ACCOUNT		<i>Cr</i>			
1918		1918		1918			
Dec 31	To Cash . . .	£2,167	7 3	Dec 31	By Balance c/d . . .	£2,167	7 3
1919		1919		1919			
Jan 1	To Balance b/d	£2,167	7 3	Dec 31	By Balance c/d . . .	£4 388	18 2
Dec 31	„ Interest reinvested	54	3 8				
„ „	„ Cash .	2,167	7 3				
		£4,388	18 2			£4,388	18 2
1920		1920		1920			
Jan 1	To Balance b/d .	£4,388	18 2	Dec 31	By Balance c/d . . .	£6,665	19 10
Dec 31	„ Interest reinvested .	109	14 5				
„ „	„ Cash . . .	2,167	7 3				
		£6,665	19 10			£6,665	19 10
1921		1921		1921			
Jan 1	To Balance b/d .	£6,665	19 10	Dec 31	By Cash . . .	£9,000	0 0
Dec 31	„ Interest reinvested .	166	12 11				
„ „	„ Cash . . .	2,167	7 3				
		£9,000	0 0			£9,000	0 0

Dr.	MACHINERY ACCOUNT.	Cr.
1918	1921	
Jan. 1. To Cash	Dec 31. By Depreciation Account	£9,000 0 0
.. .. . £10,000 0 0	.. .. . " Cash (for Residual Value of Machinery now sold)	1,000 0 0
		£10,000 0 0
		<u>£10,000 0 0</u>

during the early years of the life of the asset, when the cost of repairs is comparatively light. See example (2) on page 592

(3) By re-valuing the asset at the end of each period or term of periods in the manner of stock-taking and writing off the diminution in value thus shown. This method is usually adopted with such assets as Loose Tools (in the engineering and other trades). In theory, the employment of a professional valuer to prove the correctness of the depreciations written off the various assets is sound, and in practice this is very useful in regard to Plant and Machinery, provided that the previous policy of the particular firm in regard to the capitalisation or otherwise of the various additions necessitated by business is borne in mind, as also the cheapness or dearness, as shown by experience, of the original purchases of plant and machinery. In fact, it is necessary to have a well-defined plan for the treatment of renewals if the rates of depreciation are to be accurate, and such plan should never be departed from except under extraordinary circumstances.

(4) By the annuity method, suitable for leases, by which the asset is debited with interest each period, this being at a fair rate, calculated on the balance brought forward on the asset account from the last period, and being credited to profit and loss account. At the same time, the amount of depreciation is credited to the asset account and debited to profit and loss account. The amount of depreciation should be constant and schemed so as to reduce the value of the asset to nil at the end of the term or life.

Example of Ledger Account of Lease, showing treatment during last three years of term. This is shown on the previous page. The figures there given will illustrate the working.

This method is designed to bring to the notice of a person or firm the loss of interest consequent upon the acquisition of a fixed asset, and is, therefore, best employed where the asset might have been acquired either by hire or similar terms, or, as in the case of a lease, by a yearly rental. The principals are then in a position to judge precisely what has been saved by the absolute purchase.

(5) By the sinking fund method, so-called by reason of its being similar to the procedure adopted by municipal bodies to provide for the repayment of loans. Under this method, an amount is debited to profit and loss account at the end of each period and credited to a depreciation account. At the same time, an equivalent amount is invested in specific marketable securities, this being credited to bank and debited to an account for "Investments on Depreciation Account." As interest or dividend is received it is re-invested and credited to depreciation account, so that the credit balance on the latter account is always equal in amount to the debit balance on the "Investments on Depre-

ciation Account." The instalment for depreciation is constant, and is so schemed that, at the end of the life of the asset, sufficient funds are available, together with the residual value, to purchase afresh.

Example. A manufacturer buys machinery costing £10,000. He estimates its life to be four years and the residual value £1,000. Interest earned on the investment $2\frac{1}{2}$ per cent per annum.

Note.—The figures given are, for the purpose of illustrating first principles, based on the assumptions that the investment realises exactly at book figures, and that the last item of interest is actually re-invested, which would not occur in practice. Income tax has been omitted from the calculations.

It is in the option of the book-keeper, except under the Annuity and Sinking Fund methods, either to write the amount of depreciation each period off the asset account, or to raise a depreciation account as a credit account. In case the latter is adopted, and for financial reasons it is thought best to purchase securities to represent same, it is usual to add the word "Fund," so as to show in the private ledger and the balance sheet as "Depreciation Fund."

DEPRECIATION FUND.—This is a fund formed by debiting an amount to Profit and Loss account each year, and investing a corresponding amount of cash in gilt-edged securities, the amount being such as will, during the life of a business asset, accumulate, at compound interest, to the sum required to replace it. A depreciation fund is a charge against profits and not an appropriation of profits (See **DEPRECIATION, ASSETS AFFECTED THEREBY**.)

DERELICT.—Derelict is a term applied to a ship or her cargo which is abandoned and deserted at sea by those who were in charge of it, without any hopes of recovering it, or without any intention of returning to it. Whether property is to be adjudged derelict is determined by ascertaining what was the intention and expectation of those in charge of it when they quitted it. If those in charge left with the intention of returning, or of procuring assistance, the property is not derelict, but if they quitted the property with the intention of finally leaving it, it is derelict, and a change of their intention and an attempt to return will not change its nature. Derelicts found at sea and brought into a British port are dropts of Admiralty if not claimed by their owners within a year and a day. Derelicts found or taken possession of on or near the coasts of the United Kingdom, or in any tidal water within the limits of the United Kingdom, are "wreck" within the scope of the Merchant Shipping Act, 1894, and are subject to the provisions of that Act relating to wreck. Every master or person in command of a British ship who becomes aware of the existence on the high seas of any floating derelict vessel must notify the same to the Lloyd's agent at his next port of call or arrival. Salvage is payable to persons bringing derelicts into safety, whether their owners

appear to claim them or not, and is given on a more liberal scale than in ordinary cases of salvage.

DESERTED PREMISES, RECOVERY OF.—At Common Law, the fact that a tenant deserted premises let to him during the continuance of the demise, was no ground for the landlord taking possession thereof; and, therefore, the landlord, having no distress upon which to levy, was often placed in a very unfavourable position, especially if the tenant was a person of no substance.

The subject has, therefore, at various times received the attention of the legislature. The matter was first dealt with by Section 16 of the Distress for Rent Act, 1737, which enacts that if any tenant holding any lands, tenements, or hereditaments at a rack rent or at a reserved rent of full three-fourths of their yearly value, who shall be in arrear for one year's rent, shall desert the premises and leave them uncultivated or unoccupied, so that no sufficient distress can be found to counterbalance arrears of rent, it shall be lawful for two justices (or, now, a stipendiary magistrate) to put the landlord into possession, and the lease thenceforth becomes void, the tenant being still personally liable for rent and antecedent breaches of covenant.

The provisions of this statute were amended by an Act passed in the year 1817, which enacts that the provisions of the main Act shall have effect whenever the tenant is in arrear for half a year, instead of one year.

Although the proceedings, just outlined, before the justices are of a harsh and summary description, the tenant is not without remedy, for he may, as already mentioned, bring an action against a landlord who has falsely informed the justices, or he may avail himself of the remedy given by Section 17 of the Act, which provides that any decision of justices under it is to be examinable in a summary way by the next judge of assize of the county in which the premises lie, who can order restitution to be made to the tenant, and who has a discretionary power to allow him costs against the landlord. A poor tenant runs no great risk by thus appealing, for in the event of failure of the appeal, the Act expressly limits the amount of costs that may be recovered against the appellant to the sum of £5. The judge's order should be directed to the justices from whom the appeal comes, otherwise if they decline to compel restitution to be made, one cannot obtain a mandamus against them.

Procedure in London. The sketch already given of the subject refers to the law and procedure in the country generally, but that relating to London demands special notice. The Summary Jurisdiction Act, 1848, confers on the Lord Mayor or any of the aldermen of the City of London, sitting at the Mansion House or the Guildhall, power to do any act which two justices ordinarily might do. It follows that when the premises are in the City, application must be made to the Lord Mayor or sitting aldermen, the procedure being otherwise the same as above described.

By the Metropolitan Police Act, 1840, the police magistrates who administer justice in the Metropolitan Police District, as distinct from the City, are given powers different from those possessed by justices either in the City or in the country; for Section 13 enacts that, in these cases, on the request of the landlord or his bailiff or receiver, made in open court, and upon proof being given to the satisfaction of the magistrate of the arrears of rent

and desertion of the premises, the magistrate may issue his warrant directed to one of the constables of the Metropolitan Police Force, requiring him to go upon and view the premises, and to affix thereon the notice which otherwise would be affixed by the two justices, and upon the return of the warrant and upon proof to the satisfaction of the magistrate that the warrant has been duly executed, and that neither the tenant nor any person on his behalf has appeared and paid the rent in arrear, and there is not sufficient distress on the premises, it shall be lawful for the magistrate to issue his warrant to a metropolitan constable requiring him to put the landlord into possession of the premises.

If the premises are in the City of London or the county of Middlesex, an appeal lies to any judge of the King's Bench Division of the High Court of Justice.

DESIGNS.—Quite apart from the law as to copyright (*q.v.*) in a picture or drawing, the proprietor of a new or original design not previously published in the United Kingdom may obtain a special copyright in such design by registering it under the provisions of the Patents and Designs Acts, 1907 and 1919. A design, in order to be capable of registration, must be one (not being a design for a sculpture) which is applicable to some article of manufacture or some material substance, whether for pattern, shape, or configuration, or ornament, and whether by printing, painting, embroidering, weaving, sewing, modelling, casting, embossing, engraving, staining, or any other means whatever. If such a design is made to order and for good (which here means valuable) consideration (see *CONSIDERATION*), or is acquired by some person, the proprietor is the person for whom it was made or by whom it has been acquired. In any other case, the author of the design is the proprietor.

An application for registration is made to the Comptroller of Patents at the Patent Office, and must comply with the rules made by the Board of Trade, and known as the Designs Rules, 1908. The Comptroller may, if he thinks fit, refuse to register the design, but any person aggrieved by such refusal may appeal to the Board of Trade. If registration is ordered, a certificate of registration is issued to the proprietor, and the necessary entry is made in the Register of Designs, which is kept at the Patent Office. On registration the proprietor has copyright in the design during five years from the date of the application for registration, and may obtain extensions for two other successive periods of five years on paying the prescribed fees. Upon registration, a special number or mark is given to the proprietor and assigned to the particular design, and before delivery on sale of any article to which the registered design has been applied he must cause it to be marked with such number or mark, so as to denote that the design is registered, e.g., "Regd 999," and if he fails to do so he will find great difficulty in, even if he is not entirely prevented from, enforcing his copyright against infringers. If the registered design is used for articles manufactured exclusively or mainly outside the United Kingdom, the protection afforded by registration will cease, and anyone may apply to the Comptroller for the cancellation of the registration.

During the existence of copyright in a design, it is unlawful for any person, without the consent of the proprietor, to apply the design, or any fraudulent or obvious imitation thereof, to any article in

any class of goods in which the design is registered, or knowingly to publish or expose, or cause to be published or exposed, for sale an article bearing the design or such an imitation of it. A person who so offends is liable for every contravention to pay not exceeding £50 to the registered proprietor, but so that the total sum so payable in respect of any one design does not exceed £100, or the proprietor may sue the offender for damages (*qv*), and for an injunction (*qv*) against the repetition of the offence.

It is a defence to an action for infringement to show that the permission or licence of the proprietor has been obtained. A licence to use a design should be in writing and may be a deed. If the latter course be adopted the form will follow (with necessary modifications) the example given in the article on PATENTS AND INVENTIONS. A form of agreement not under seal which may be used in simple cases is shown inset.

Designs are registered in various classes, according to the material of which the goods to which the design is to be applied is chiefly or wholly composed, and a separate registration is required for each class in which it is desired to secure protection for the design. If any doubt arises as to the class to which any particular description of goods belongs, it is settled by the Comptroller. The classes are as follows—

Class 1. Metallic articles other than jewellery.

Class 2. Jewellery.

Class 3. Vegetable or animal solid substances, such as bone, ivory, papier maché, etc.

Class 4. Glass, earthenware, porcelain, bricks, tiles, cement.

Class 5. Paper, except paperhangings.

Class 6. Leather, bookbinding materials.

Class 7. Paperhangings.

Class 8. Carpets, rugs, floorcloths, oilcloths.

Class 9. Lace.

Class 10. Hosiery.

Class 11. Millinery, wearing apparel, boots, shoes.

Class 12. Ornamental needlework on textile fabrics.

Class 13. Printed or woven designs on textile piece goods.

Class 14. Printed or woven designs on handkerchiefs and shawls.

Class 15. Printed or woven designs, being checks or stripes.

Class 16. Goods not included in other classes.

The fees charged on registration vary from 1s. to 10s., according to the class and number. The fees, and the forms to be used, are set out in the Designs Rules, which may be procured through any bookseller (See also PATENTS AND INVENTIONS, REGISTRATION OF DESIGNS, TRADE MARKS).

DESPATCH.—(See DISPATCH.)

DETECTION AND PREVENTION OF FRAUD IN ACCOUNTS.—(See FRAUD IN ACCOUNTS, DETECTION AND PREVENTION OF.)

DETINUE.—Every man is entitled to have in his possession or under his control all such goods and chattels as are his own property, except in so far as he has bailed them to some other person or persons, who is then rightfully in possession of them for the time being. Any other person who withholds from the owner the goods of another is liable to an action in respect of the same for detaining them, and this action is known by the name of "detinue." If the owner is unable to obtain his goods specifically, he may, in the alternative, claim their value as damages for their detention.

There is no general provision as to the restoration of property which is detained by a summary method of procedure. But within the Metropolitan Police District, any person claiming to be entitled to the property in or to the possession of goods, not exceeding £15 in value, detained by another person, may apply to a police court magistrate for an order for their delivery up, subject to the satisfaction of any charge or lien which exists with regard to them.

DEVELOPMENT COMMISSION.—Set up under Acts of Parliament of 1909 and 1910, to assist the development of agriculture and industries and for the reclamation and drainage of land.

DEVIATION.—This is the departure of a vessel from the contemplated course of her voyage. If a course is specified, then that course must be pursued, if no course is specified then the vessel must take the customary route from port of sailing to her ultimate destination. Any undue delay or unreasonable prolongation of the voyage has similar effect to deviation. Where the vessel is intended to call at several ports of discharge, she must call at them in the specified order, unless there be any usage or sufficient cause to the contrary. If not, there is a deviation.

Certain justifiable deviations are conceded by statute (Marine Insurance Act, 1906, Sect. 49), viz.—

"(a) Where authorised by any special term in the policy, or

"(b) Where caused by circumstances beyond the control of the master and his employer, or

"(c) Where reasonably necessary in order to comply with an express or implied warranty, or

"(d) Where reasonably necessary for the safety of the ship or subject-matter insured, or

"(e) For the purpose of saving human life, or aiding a ship in distress where human life may be in danger, or

"(f) Where reasonably necessary for the purpose of obtaining medical or surgical aid for any person on board the ship; or

"(g) Where caused by the barratrous conduct of the master or crew, if barratry be one of the perils insured against."

The majority of these exceptions apply also in the relationships between shipowner and the concerned on cargo, as well as between insurer and assured. In affreightment contracts it is a condition precedent that the shipowner impliedly undertakes that there shall be no unjustifiable deviation in the course of the voyage. Breach of this undertaking has the effect at common law of preventing the shipowner relying on any exceptions clause in his bills of lading, i.e., he reverts to the position of a common carrier, and in the view of L. J. Fletcher Moulton in *Thorley v Orchs SS Co*, is not even as favourably situated as is a common carrier. Moreover, deviation nullifies the exceptions *in toto*, not merely from and after the deviation. The only resort open to the shipowner is to prove that the loss or damage would have accrued quite independently of the deviation, but he can plead no exceptions other than those admitted by the common law.

On the subject of deviation, the Carriage of Goods by Sea Act, 1924, Schedule, Article 4 (4) attests: "Any deviation in saving or attempting to save life or property at sea, or any reasonable deviation shall not be deemed to be an infringement or breach of this convention or of the contract of carriage, and the carrier shall not be liable for any

loss or damage resulting therefrom." This, of course, applies only to affreightment contracts to which the Act applies.

It is in its application to marine insurance policies that deviation has its greatest significance. In the absence of agreement to the contrary, the effect of unjustifiable deviation is to relieve underwriters from liability for all losses accruing after the vessel leaves her contemplated course of the voyage—or in the case of undue delay, from the moment the delay becomes unreasonable—but without prejudice to any claim for previous loss or damage. It is immaterial that the vessel may have regained her normal course before loss accrues. Should the deviation be justified, the concession operates only provided the vessel resumes her voyage with due dispatch after the circumstance justifying the deviation ceases to exist.

In practice, deviation is usually specifically provided for, and the policy held in force, but any additional premium requisite must be paid, and the underwriters notified of the deviation with reasonable promptitude.

DEVISE.—The word "devise," in its strict sense, applies only to a gift by will of lands or real property, but it is often used as equivalent to "bequeath" in testamentary gifts of personal property. The giver is the deviser, the taker is the devisee. In wills, it passes personal property equally with "bequeath"—the proper technical term—and "bequeath" likewise may pass realty. If a testator says "I give, devise, and bequeath," the words "give and bequeath" apply to the personal property, and "devise" to the real estate. A devise may be either specific, e.g. "I devise Blackacre to A," or residuary, e.g. "I devise the residue of my land to B," which gives B all lapsed and undisposed-of realty belonging to the deviser at his death, but, in a sense, a residuary devise is specific, for where the personal estate is insufficient for the payment of debts, the specific devisees must contribute towards their payment rateably with the residuary devisee, while in the case of personalty the debts are payable out of the residue in exoneration of the legacies. An executory devise is such a limitation of a future estate or interest in lands or chattels, as the law admits in the case of a will, though contrary to the rules of limitation in conveyances at common law, e.g. a devise to A for life, remainder to C, provided that if D shall within a month of A's death pay £1,000 to C, then to D and his heirs. D has here an executory devise. (See **WILLS**.)

DEVISEE.—The person to whom any real estate is given by a will. It is the common practice to use the words "devise and bequeath" when testamentary dispositions are being made. The former word is technically applicable only to real estate, the latter to personal estate.

DEVISOR.—The person who makes a gift of real property by will.

DEXTRINE.—Properly speaking, a colourless, tasteless powder obtained by the action of diastase on starch; but the dextrine of commerce is a mixture obtained by heating starch. It is also

known as British gum, and is much used in solution as a substitute for gum arabic in calico printing, as a mucilage for stiffening fabrics, as a coating for adhesive stamps, and for thickening inks. The chemical symbol of true dextrine is $C_6H_{10}O_5$.

DIAGRAMS AND CHARTS.—Everyone is familiar with the weather chart of the daily newspaper. It is a diagram which shows the changes indicated by the barometer. Some people possess a self-recording barometer in which a movable inked pen-point traces a "curve" upon a paper drum. The advantage of a weather chart is twofold. It provides a permanent record of the changes of atmospheric pressure, and it makes the changes visible. A glance at the chart shows at once whether the barometer has been rising or falling during the last few hours.

The barometrical chart illustrates in the simplest possible way the principle upon which all charts are constructed. Measured along one edge of the

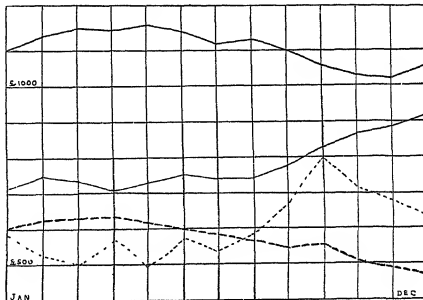


FIG 1—COMPARISON OF SALES WITH COSTS

chart are spaces which represent regular time intervals. On the edge at right angles to this are spaces which represent the pressure of the atmosphere in the terms of equal fractions of inches. There is a comparison between something fixed, in this case the intervals of time, and something variable, in this case the vagaries of the weather.

Engineers have long been in the habit of making charts or graphs to represent, for instance, variations in the steam pressure of a boiler, or of the speed of a machine. Graphs have also been used by statisticians to interpret their figures. Of late years graphs have been progressively introduced to interpret and represent the facts of commerce. Any set of related facts which can be expressed by figures can also be plotted as a graph. In business offices, graphs are very commonly plotted not only to reveal a tendency as, for instance, to show whether the sales are going up or down, but they are also used for comparison. It is quite easy to see that if anyone wanted to compare the weather of a year ago with that of to-day, two curves could be drawn on the same chart, one in black, perhaps, and the other in red, or the differences between the years could be shown by using thick and thin lines, or by continuous or dotted lines. The use of graphs for comparative purposes is found to be extremely valuable to busy men. Instead of wading through

columns of figures, trying to grasp their significance and taxing the memory as to the figures of bygone years, all the essential facts of a big business can be shown in diagrammatic form on a single sheet of paper. One method of summarising a mass of facts is shown in Fig 1.

The four irregular lines or "curves" which run across the diagram from left to right show in each of the twelve months of the year (a) the total amount of sales, (b) the cost of production, (c) the cost of selling and distribution; and (d) the overhead expenses of running the business.

With yearly charts of this kind before him the manager of a big business can see at a glance how things are going. In the diagram, for instance,

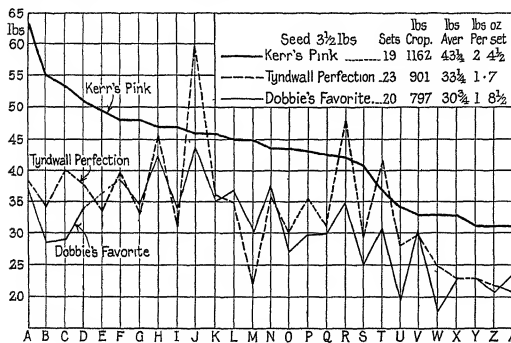


FIG. 2.—COMPARISON OF A STANDARD RESULT WITH TWO VARIABLES.

he would notice that the average monthly sales are well over £1,100 for seven months of the year. They decline in the autumn and winter. The factory costs normally amount to between £700 and £800 per month. They rise considerably in the last four months in the year in a way which demands an explanation, because while the factory was costing more the sales were diminishing. The third line shows that the costs of selling and distribution correspond in their general tendency with the value of the sales from month to month. The curve which shows the office and other expenses would doubtless alarm a manager. The expenses are erratic and unrelated to the other big facts of the business. The interpretation of this expense curve is, in regard to this chart, the thing that matters. All the other facts appear to be normal, regular, and foreseeable. The winter rise in the factory costs is accounted for by laying in stocks for the anticipated spring selling season. The gradual fall in the selling expense curve shows that successful attempts were being made to reduce the distribution costs. The erratic character of the expense graph is due to an uncertain managerial policy in the first seven months in the year. It looks as if attempts were made to economise without sufficient reason. The chief element of expense is wages. These were cut down to a minimum in February; another cut was made in April. Understaffing led to expenses in other directions. Then a

new office manager was appointed and he had to spend a lot of money culminating in September, to reorganise the office.

It will be noticed in Fig 1, that the vertical column which represents money, does not start at nought. The bottom line represents £400, the top line £1,200. The clerk who made this chart knew that his figures came within these limits, and the chart is more intelligible because it is thus spread out over the whole of the sheet of paper. Any scale of values can be used on a graph. The vertical spaces could have represented shillings or pounds or thousands of pounds. Two or more scales can be used on the same chart. The top line on Fig 1, for instance, might represent tons of merchandise or output. The selling cost might have been represented not as pounds sterling, but as a percentage of the value of the sales.

It is not necessary to arrange a graph in the order of time. Fig 2 shows how a comparison can be made between three variable quantities. The curves represent the crops resulting from twenty-seven experiments of growing three different kinds of potato in different parts of a district. There were different ways in which these facts could have been shown on a chart. To evolve order out of apparent chaos it was necessary to apply the well-known law of averages, which has a characteristic curve of its own as shown in Fig 3. Adding up the results showed that the Kerr's Pink potato was on the average very much better than the other two. The K P results were, therefore, arranged in their order of magnitude,

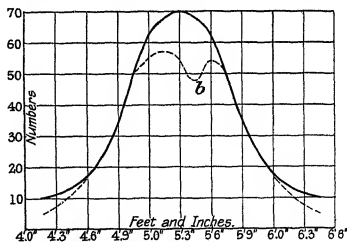


FIG. 3—A CURVE OF "CHANCE" TO ILLUSTRATE THE LAW OF AVERAGES

and laid out as the thick uppermost line. The character of the curve shows that it conforms to the law of averages, and could be quite rightly taken as a basis. The curves of Tyndwall Perfection and Dobbie's Favorite respectively, generally

are seen to resemble each other, and with three marked exceptions both the lower curves show a general tendency to fall off parallel with the comparison curve. The apparent erratic character of the two lower curves, therefore, very largely disappears. It could have been made less obvious if the diagram had been constructed on another scale. If it had been twice as long and half as high, all the curves would have been flattened out. If by laying out the chart in another way the facts

marked D F had been taken as a standard and the districts rearranged in D F order, the curve K P, which now is "smooth," would have been extremely erratic. Fig 3 shows an ideal curve which represents what happens if the results of a large number of transactions are dependent largely upon "chance." If the heights of all the men in a university, for instance, were taken it would be found that there would be very few persons whose height came between 7 ft and 6 ft 6 in, and very few also between 4 ft 6 in and 4 ft. There would be more people of a medium height than any other. In the same way, if a large number of roots of potatoes were weighed, the same general law of average would be observed. There would be a few very heavy roots and a few very light ones. If the curve K P in Fig 2 were laid out in the form of Fig 3, it would be found to have the same general character. If it did not the graph would show that not enough statistics were available to justify the drawing of any average conclusions.

Graphs can always be used to discover whether the general tendency revealed by a set of figures is due to a single cause or to a combination of causes. If, for instance, a graph of averages took the form of the dotted line *b* in Fig 3, showing one peak in its approximately expected place and a second peak elsewhere, it would mean that there were two causes at work. To get a true indication either this second unknown cause must be analysed and eliminated or else a much larger body of statistics must be obtained to satisfy the law of averages.

There is no need for graphs to be limited to positive values. If the perpendicular scale is carried below the zero line a negative figure is at once indicated. In the same way, if the horizontal scale is continued to the left of the zero point, it is possible to indicate negative values in that scale.

For showing progression, the graph is best pre-

pared on the usual right-angle scales as shown in the previous examples. There are, however, other kinds of graphs which lend themselves better for showing different kinds of statistics.

In cases where the figures repeat themselves at regular intervals a circular chart has the advantage of showing the exact frequency of repetition by means of an endless line. This sort of chart is often known as a "Clock Chart." Fig 4 shows, in graphic manner, a group of figures representing the change

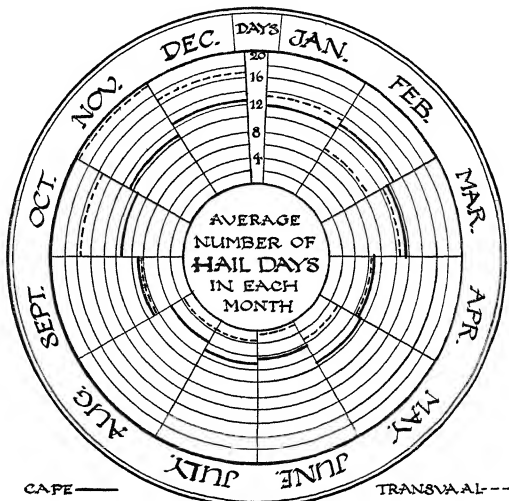


FIG 4—CLOCK CHART

of season in two different South African districts. The figures indicated are the averages taken over a number of years and, therefore, repeat themselves each year, after December, the figures start again at January. If the ordinary graph had been used there would be nothing to indicate the recurrence, but a circular chart actually brings the reader back to the original starting point.

This kind of graph is used extensively for indicating seasonable trade. In this case each circle would represent a commodity, and the circumference would be filled in with a thicker line, or second colour, to indicate which month the particular goods were in the most demand.

Engineers often use such a chart to indicate the hourly output of a generator, thus obtaining, in a visual form, an accurate conception of what will be expected of the machine any hour of the day.

Apart from the graph there are many kinds of charts which are used in showing different kinds of statistics. In cases where not progression or repetition, but comparison between two or more

figures, is being indicated, the simple bar chart is preferable. Here, pillars are drawn to scale side by side, and their respective lengths give quick and obvious comparison. As is the case with the graph, this kind of chart can be altered and developed to show more figures. Just as it is possible to show total comparisons in this manner, it is possible to indicate sub-divisions by shading each portion in a different way. As an example, the total export of English coal could be compared with that of American coal by placing the two columns side by side. If, however, we wish to add comparison of the different types of coal, this can be indicated by marking off our columns in proportion and shading the various sections with different colours or lines. These sub-divided columns are known as 100 per cent bar charts. For the same purpose 100 per cent circles are sometimes used. These are merely circles divided proportionately to show how the full 100 per cent. is made up.

While dealing with the methods of sub-divisions of the whole, the "Genealogical Tree Chart" must be included. Everyone is quite familiar with this kind of chart used so extensively in our history books. It has value also to the business man who wants to indicate how an organisation is built up.

By means of squares linked together by lines it is possible to indicate the sub-divisions of duties, department by department. In a big organisation such a chart will enable an executive to find the details he requires about the responsibility of individuals.

Other kinds of charts that should be mentioned here are the map and pictorial chart. The former is so well known as a geographical production that its commercial use is often overlooked. It sometimes happens that a map can be made to tell a business man more about his market than many pages of statistics. A carefully prepared map will enable a sales manager to place his finger on the weak spot in his business. He may find an area with no sales. Investigations may show a weak traveller or some local conditions, such as fierce competition, which can easily be set right.

The last kind of chart mentioned is equally important in its way. The pictorial chart fulfils a great need. It often happens that a manufacturer wishes to include some statistical information in his advertising, as, for instance, the valuable proportion of ingredients used in the manufacture of some foodstuffs, or the extra mileage per gallon of his motor-car. The former case would ordinarily be shown by 100 per cent bar. But the best method from the advertising point of view might be a pictorial chart showing the ingredients drawn to size in proportion to the quantity used. In the case of the motor advertisement it could be indicated by a picture representing two cars in proportionate distance along a line representing a road. These charts have the instant appeal of the picture, and tell the story in a far more attractive and interesting manner than could any table of statistics. (See also STATISTICAL RETURNS.)

DIAMOND.—The hardest, most valuable, and most brilliant of all precious stones. It is the natural form of crystallised carbon, and as its chemical composition is well known, attempts have been made to produce diamonds artificially, but without much success. India, Brazil, and South Africa are the chief diamond-producing countries, but the diamonds of Australia are preferred for cutting glass. Bort and carbonado are dark, lustre-

less varieties found in Brazil, and are used on account of their hardness for diamond rock-boring drills. There are diamonds of various colours, but the white stones are generally the most prized, though a rare colouring, such as blue or red, may give a fictitious value to an otherwise inferior stone. The art of cutting is very important, as the value of the gem is greatly affected by the process, which was discovered about the middle of the fifteenth century, and is principally carried on at Amsterdam, though the industry has also been introduced into Antwerp and the vicinity of Frankfurt.

DIAPER.—A figured cloth, usually of linen, the pattern being woven into the fabric. It is much used for towelling, napery, etc.

DIATOMITE.—A siliceous earth consisting of the remains of the minute plants known as diatoms. Large deposits are found in many countries, but especially at Virginia in the United States, California, Australia, and in Germany. It is a white to greyish powder with great absorbent powers, hence its use under the name of *lœselguhr* in making dynamite and as a packing material for vessels containing corrosive acids. Its resistance to heat and its non-conductivity render it of great value for packing steam-pipes, boilers, and fireproof partitions, etc. Diatomite is used for filtering and clarifying wines and beers, and as a filler for fabrics and rubber, and also in many other industries as a source of silica. Owing to its abrasive qualities it is used extensively in soaps and scouring powders. It is also known as infusorial earth, tripoli, or under the usual trade name of *lœselguhr*.

DICTAPHONE.—This is an instrument of a similar nature to a phonograph, which will record—on cylinders similar to phonograph records—messages, letters, etc., dictated into it. The cylinders can then be put away or passed on to a typist for reproduction as and when required.

DICTOGRAPH.—This is the name of a very widely used office telephone system, which is one of the most efficient means of inter-communication available. It has several distinctive and unique features which will be found noted in the article on HOUSE TELEPHONES.

DIES NON.—This is a Latin phrase, and signifies a day upon which, owing to certain special circumstances or events, no business can be transacted. For many purposes, Sunday is a *dies non*, and so are Bank Holidays as far as banks are concerned.

DIFFERENCES.—The process of carrying over stock and shares is explained under the headings of BULLS and BEARS and CARRYING OVER. From this it is apparent that the speculator who carries over or closes a transaction has to pay or receive a certain sum, being the difference between the price at which he purchased or sold as the case may be, and the price at which he either concluded the transaction or carried over to the next account. Such balances are known as differences, and fall due to be paid on each account or settling day.

DIFFERENT VOYAGE.—In marine insurance this implies that the contemplated voyage has never been commenced, and that the policy has, therefore, not attached. Change in the port of sailing, or sailing to a port other than that stipulated in the policy constitutes a different voyage. If the vessel sails from her port of sailing to her destination and subsequently changes the latter, this is not a different voyage but a change of voyage (*q.v.*)

DIGITALIS.—A genus of plants belonging to the order *Scrophulariaceæ*. The British species is the

Digitalis purpurea, or common purple foxglove, the leaves of which are used in the preparation of a drug which is valuable in cases of heart disease. The active principle of this drug is digitaline. Owing to its poisonous character, great care is required in its administration.

DILAPIDATIONS.—This term has been defined as “the injury which has accrued to houses, lands, or tenements of another during the temporary possession by one party, whereby a successor or reversioner sustains damage.”

The subject may be conveniently considered under three headings, viz., as between landlord and tenant, as between tenant for life and remainderman, and dilapidations in ecclesiastical law.

1 **Between Landlord and Tenant.** The greater part of the liability of parties to a hiring or letting agreement depends on express covenant or agreement. Where premises are let without any express stipulation as to repair, there is, as a rule, no implied agreement by the landlord as to their habitableness or freedom from dilapidations. Such an agreement is, however, implied if the letting is of a furnished house, or of a house for the habitation of persons of the working classes. The agreement, however, in both cases is merely that the house is habitable at the commencement of the letting, and not that it shall so continue during the whole of the term for which the premises are let, nor is the landlord under any implied liability at all to do repairs to the premises during the continuance of the letting. Even if the premises are burned down, or if they fall into a dangerous state and notice to that effect is formally given, no liability to repair is imposed on the landlord. The tenant, on the other hand, appears to be under a liability to keep the premises wind- and water-tight, but such an obligation is of a very slight character, e.g., it seems that broken glass need not be replaced, and that to patch the windows with boards would be sufficient. It is plain, therefore, that in the absence of special agreement, the matter is one for compromise and adjustment, especially having regard to the fact that the landlord, apart from any power reserved to him, has no right to enter the premises and view their condition, or even to enter for the purpose of doing necessary repairs to them. A lease or letting agreement, however, usually contains repairing covenants by one or both of the parties. These covenants vary greatly in form, but it often happens that the tenant agrees to “repair and keep in repair” the demised premises; and in such a case, if they are out of repair at any time during the term, a breach of covenant is committed, while an agreement to keep premises in repair and leave them in repair at the end of the term means that the tenant will, if necessary, put them in repair, for they cannot otherwise be “kept or left” in repair. Such agreements as to their exact scope are far from easy to construe, but it may be laid down that a general covenant to repair is satisfied by keeping the premises in substantial repair, and that an agreement to keep old premises in repair does not make the tenant liable for whatever time and the elements effect in bringing about a diminution of their value. Thus, in one case, the covenant was “well sufficiently and substantially to repair, uphold, sustain, maintain, amend, and keep the demised premises,” which consisted of a house in Lambeth, at least 100 years old, its foundations being a timber platform resting on a boggy soil. A wall bulged, and the foundation sank so that rebuilding became necessary. The tenant was

held not liable, the defect having been caused by the natural operation of time and the elements upon a house, the original construction of which was faulty. Such an agreement, also, must be construed with reference to the condition of the premises at the time when it begins to operate, so that a tenant is not liable for breaches of covenant to repair committed before the execution of the lease of the house, although subsequent to the day from which the term is stated in the lease to commence. Particular words, such as an agreement to keep the premises “in good tenable repair,” give rise to other questions. Such words as these impose an obligation to paint just as much as is necessary to keep the premises from actual deterioration, but only to put and keep them in such repair as, having regard to the age, character, and locality of the house, would make it reasonably fit for the occupation of a reasonably minded tenant of the class who would be likely to take it. The landlord, as well as, or instead of, the tenant, may, of course, enter into agreements to repair, and such agreements are very common in certain classes of property. In such a case, the condition is implied that notice of want of repair must be given, and the tenant cannot proceed for breach of covenant without giving such a notice. If the landlord neglects to comply with such notice, it seems that the tenant may himself do the repairs and deduct the cost of them from the rent. Any agreements entered into by the landlord must, of course, be construed in a manner similar to that of the tenant’s above discussed. The remedies for omission by the tenant to carry out his agreement to repair are, shortly, right of entry to repair, re-entry, and action for damages.

The Right of Entry to Repair is very frequently conferred by the lease or agreement, which also sometimes provides that the landlord may, if the tenant fails to execute repairs, himself enter and do them, and charge the tenant with the cost. The right of entry to view is implied by law in holdings governed by the Agricultural Holdings Act, 1908, but otherwise the landlord has no right, unless stipulated, to enter the premises either to view or to repair. Such entry, even when authorised, must, of course, be peaceful, and if it is wrongfully refused, must be enforced, not by physical force, but by action.

Re-entry is a usual and very powerful remedy given to the landlord by the lease or agreement, not only in case of the breach of covenant to repair, but for breach of other covenants. This, also, can only be enforced by peaceable re-entry, or by action, and is also subject to the very important restrictions contained in the Conveyancing and Law of Property Act, 1881. This statute enacts that a right of re-entry or forfeiture under any proviso or stipulation in a lease (which probably includes a tenancy agreement) for a breach of any covenant or condition in the lease shall not be enforceable by action or otherwise, unless and until the lessor serves on the lessee a notice specifying the particular breach complained of, and (if it is capable of remedy) requiring the lessee to remedy the breach, and in any case requiring the lessee to make compensation in money for the breach, and the lessee fails, within a reasonable time thereafter, to remedy the breach, if it is capable of remedy, and to make reasonable compensation in money, to the satisfaction of the lessor, for the breach. It is further provided that where a lessor is proceeding by action or otherwise to enforce such a right of re-entry or

forfeiture, the lessee may apply to the court for relief, and the court may grant or refuse it or grant it, subject to such terms as to costs or otherwise, as it thinks fit. The Conveyancing Act, 1892, which amended these provisions, provides that the lessor is entitled, if the breach is waived or the lessee relieved, to recover from the lessee his solicitor's and surveyor's costs in reference to inspection and the preparation of the notice. This Act also extends the power of the court to grant relief, by enabling it to be granted on such terms as the court may impose to an under-lessee whose immediate lessor has incurred a forfeiture.

Action for Damages. This is a common law remedy, and it may be brought on the covenant or agreement to repair. It may be brought during the continuance of the term, and will be in the High Court or county court, according to the amount claimed.

2. As between Tenant for Life and Remainderman. A tenant for life may be liable for dilapidations in consequence of the law of waste, that is, the committing of any spoil or destruction in houses or lands, the subject of the life tenancy, to the damage of the heir or of him in reversion or remainder. Waste is either voluntary or permissive. Voluntary waste consists in, *e.g.*, pulling down or materially altering a house. Permissive, in allowing it to fall into decay. After many doubts, it has been held that a tenant for life is not liable for permissive waste, unless the duty to repair has been expressly laid on him by the grantor of the estate. He is, however, liable for voluntary waste, unless the instrument of grant expressly declares that his estate is to be "without impeachment of waste," and may be punished by an action for damages or restrained by injunction. Even if his estate is of this character, the Chancery Division will restrain him from acts of a wanton and malicious character (*e.g.*, pulling down the principal mansion house), which are styled "equitable waste."

3. Ecclesiastical Dilapidations. At common law, a parson, perpetual curate, or other incumbent is liable for dilapidations. That is, he is bound to maintain the parsonage or dwelling-house, and also the chancel of the church, and to keep them in good and substantial repair, restoring and rebuilding when necessary, according to the original form, but he is not bound to supply or maintain anything in the nature of ornament, in which term is included painting (unless necessary to preserve exposed timbers from decay), and also whitewashing and papering. If he does not do so, his representatives are liable to an action at the suit of the new incumbent, this ability to sue the personal representative of a deceased person in respect of a tort for which, in his lifetime, he would not have been liable, being an exception to the ordinary rule—*actio personalis moritur cum persona*. By statute (14 Eliz. c. 11) the new incumbent is compelled to employ all money thus received within two years on the repair of the dilapidations, the penalty of default being forfeiture to the Crown of double the amount. The subject is now regulated by the Ecclesiastical Dilapidations Measure, 1923.

DILIGENCE.—A process, in Scotch law, under which a person, or his lands, or effects, may be attached or taken in satisfaction or in payment of a debt. It is the modern method which has displaced the old caput (*q.v.*).

DILL.—An umbelliferous plant common in India, in the Mediterranean countries, and in South Africa. The seeds yield a volatile oil, which is used in

scenting soaps, but they are chiefly valuable as the source of dill water, the popular remedy for flatulence in infants.

DIMINISHING RETURN.—The Law of Diminishing Return is an economic "law"—*i.e.*, a tendency which, however, will yield to a stronger tendency—that pervades the whole of economics. It was first closely studied in connection with the product of land and was thus formulated: after a certain, not very advanced, stage in agriculture, it is the law of production from the land that by increasing the labour the produce is not increased in an equal degree. Doubling the labour does not double the produce; or, *every increase of produce is obtained by a more than proportional increase in the application of labour to the land*. An antagonising principle—the progress of agricultural knowledge, skill, and invention, for instance—may supersede for a while this "law." The decline of the productive power of labour may be thrown back temporarily; but it at once resumes its course. The doctrine of "economic" rent is based on this law. (See the article on RENT, THEORY OF.)

Diminishing Return clearly operates, however, in many more cases than in that of agricultural land. In the absence of improved methods or increased skill, a river fishery will yield less and less return to labour as the fishing becomes more "intensive." A mine will yield its riches at an ever increasing cost for sinking a shaft, freeing from water and the like. As building sites become more distant from the business part of the city their return of convenience steadily diminishes, and with it their value. The most general expression of the law is, in fact: *a repeated stimulus does not, as a rule, produce a double effect; and there comes a point at which further stimulus produces no further effect*. To double the speed of a steamer or of a motor it might be necessary to increase the power of the engines a hundredfold.


To this fact, that increments of any particular thing do not in general mean corresponding increments in the pleasure derived from the possession, is due the trading propensity of man. Whether in the rude state of barter or in the greatest international exchanges, things which are in superfluity are exchanged for things in which there is a deficiency. Thus in all honourable trade each party gains in utility. As more of a thing is obtained the desire for an increase diminishes, the less that is possessed the more its possession is sought. A sovereign to a beggar is *worth more* than it is to a millionaire.


We can best illustrate the diminishing returns of satisfaction from successive increments by considering the consumption of such articles as satisfy physical needs. To the man perishing of thirst the first draught of water produces the maximum of satisfaction—its value is in fact infinite, for it preserves his life. The second quantity is still valuable to him, though he derives less satisfaction from it, and puts it to a less urgent use, with it he washes his face, or waters his horse, or cooks his food. He does not care for any beyond a certain, though on occasion varying, amount, beyond this point he will not take the trouble to draw from the well—the utility, and therefore the value, of the water is at zero. Nothing whatever has a value unless the quantity desired is in excess of the quantity available: "it is," says Franklin, "when the well is dry that one understands the value of water."


If, when this zero point is reached, our traveller is obliged to consume further supply of water, he finds it a nuisance, in place of utility it has now disutility and he would pay something to be rid of it. And so we have the whole range of values, from a maximum through the zero down to the most fearful of tortures, the water-torture.

This reasoning must of course be taken with reservations, and it is perhaps applicable only to such things as satisfy physical needs. Just as there are counteracting tendencies to the principle of diminishing returns to labour applied in a definite direction, so there are antagonising causes which prevent diminishing returns of satisfaction from further increments. The point of satiety for certain things is very slowly reached. Two suits of clothes do not give double the satisfaction, the utility, of one, but their utility is more nearly double than is the satisfaction conferred by having two dinners together. And expenditure on luxuries may go on for a very long time without apparent diminution of satisfaction. In some cases, an even more than proportional increased amount of satisfaction seems to be the result of increasing amounts. As a stamp collector nears its completion, the desire of the collector for the specimens wanting becomes the greater. We may, therefore, roughly divide all commodities into three classes—

(1) *Necessaries*, the amount of which desired depends little on the price, which are therefore said to be *inelastic*, and which conform to the law of diminishing return. Their symbol would be

 the curve representing the rapid, decrease of satisfaction from successive increments.

(2) *Comforts and Luxuries*, the amount of which desired depends roughly on the price, which are therefore said to be *elastic*, and which conform to the law of constant return. Their symbol would be .

(3) *Ambitions*, the satisfying of which again depends little on the price paid for them, the appetite for which seems to increase with the number already gratified, and would conform to the law of increasing return. Their symbol would be , the curve denoting the increased amount of satisfaction from successive honours gained.

The type of the first is bread—successive slices yield less and less pleasure, of the second, books, of the third, titles of nobility.

Money, which is potentially any of these three classes, may be regarded as giving a constant return. Since it can be applied to the satisfaction of necessities, comforts, or ambitions, the point of satiety does not appear to be rapidly reached. In many cases it would indeed seem to approximate to the third class rather than the first.

DIMITY.—A stout, figured, or striped cotton cloth, usually white in colour. It is mainly used for bed-hangings and curtains.

DIRECT EXCHANGE.—The exchange operations between two countries are said to be direct when there is no reference to any third country.

DIRECT EXPENSES.—These expenses, sometimes called "factory oncost" or "factory overhead," are all expenses incidental to the process of manufacture or production, and include rent, rates, taxes, and insurance of the factory; power, lighting,

and heating, repairs, renewals and depreciation of plant, interest on capital outlay in respect of plant and buildings; non-productive wages and salaries directly connected with the factory such as those of time-keepers, store-keepers, factory clerks, and managers.

DIRECTORS.—The directors of a joint-stock company are those persons who are chosen by the shareholders to conduct and manage its business, the whole constituting what is called the board of directors. In practice, no company is ever without directors, though there is no legal compulsion to appoint them.

The question has often been discussed whether directors are trustees or agents of the company which they govern. In many respects they occupy both positions. They are especially trustees of the powers which are committed to them, and of moneys which come into their hands, and they are, in addition, the general agents of the company. But the essential distinction between trustees and directors has been judicially declared as follows—

"A trustee is a man who is the owner of the property, and deals with it as principal, as owner and master, subject only to an equitable obligation to account to some persons to whom he stands in relation of trustee, and who are his *cestui que trustent*. The same individual may fill the office of director and also be a trustee having property, but that is a rare, exceptional, and casual circumstance. The office of director is that of a paid servant of the company. A director never enters into a contract for himself, but he enters into contracts for his principal, that is, for the company of whom he is a director, and for whom he is acting. He cannot sue on such contracts, nor be sued on them, unless he exceeds his authority."

Directors can exercise only the powers conferred upon them by the memorandum and articles of association. All persons, third parties as well as members of the company, having dealings with the company, are presumed to have full knowledge of the contents of these two documents, since they are open to public inspection. Such persons, therefore, must know the extent of the powers of the directors, and be acquainted with any restrictions placed upon them.

No proper definition of a director has ever been given in any of the Companies Acts, and the only attempt at anything in the shape of a definition is contained in Section 285, where it is stated that a director "includes any person occupying the position of a director by whatever name called." The insertion of this quasi-definition is probably the outcome of certain words in the judgment in the case of *In re Forest of Dean Coal Mining Company*, 1878, 10 Ch D. 450, where it is said: "Directors have sometimes been called trustees, or commercial trustees, and sometimes they have been called managing partners, it does not matter what you call them so long as you understand what their true position is, which is that they are really commercial men managing a trading concern for the benefit of themselves and of all other shareholders in it. They are bound, no doubt, to use reasonable diligence having regard to their position, though probably an ordinary director, who only attends board meetings occasionally, cannot be expected to devote as much time and attention to the business as a sole managing partner of an ordinary partnership, but they are bound to use fair and reasonable diligence in the management of their company's affairs, and to act honestly."

Any person, or even a company, may be a signatory of the memorandum and the articles, and no restriction is placed upon any person becoming a shareholder in a company. The same rule applies as to a person who is appointed a director, with this single exception, that a clergyman of the Church of England, so long as he is actively performing his duties as a clergyman, cannot be appointed as a director.

The first directors of a company are appointed by either the memorandum or the articles of association—sometimes by both; and a list of the directors, as well as a consent in writing signed by the directors, must be filed with the registrar. Such first directors occupy their position until they are replaced by others, according to the terms of the articles. If a director is appointed for a fixed period, he cannot be removed from his position until that period has elapsed. Similarly, he is unable to resign his office. If no directors are appointed by the articles, the whole of the signatories of the memorandum are the first directors.

The appointment of new and the retirement of old directors are also provided for by the articles of association. The number of directors must also be stated. Full provision will also be made as to the powers conferred upon the directors, as well as to their remuneration and how it shall be paid. The remuneration of directors must be stated in any prospectus issued by the company, and any attempt to remunerate them otherwise than as provided in the memorandum or articles is illegal. The fees to be paid should be distinctly stated, for, in his position as trustee, a director cannot claim anything which is not stipulated for in the articles, unless by a special resolution passed by the shareholders. But he is always entitled to be paid irrespective of the success of the enterprise. He is a creditor to all intents and purposes, and there is nothing to compel him to forgo his fees, as is often done in case of failure.

Every company must keep a register containing the names and addresses and the occupations of its directors and managers, and send to the Registrar of Joint-Stock Companies a copy thereof, and from time to time notify to the registrar any change amongst its directors and managers.

There is no legal enactment requiring directors to be possessed of any share or shares in the company of which they are directors, but a share qualification is almost invariably provided for in the articles of association, since the London Stock Exchange requires it as a condition precedent to granting a quotation for the shares of the company. It was a common practice for promoters, etc., to evade the regulation of the Stock Exchange by presenting shares to nominees of their own. An attempt was made to restrict this evasion by the Companies Act, 1900; and Section 73 of the Act of 1908 has embodied the repealed section of the Act of 1900, as well as the amending section of the Act of 1907. A director must acquire his qualification (if any) within two months of his appointment under liability for the penalties prescribed. The qualification must be stated in the prospectus, and a company cannot commence business until the directors have taken up the qualification shares prescribed. Again, the wording of the articles must be very specific as to the character in which the director holds his qualification. The holding must be for his own benefit, otherwise difficulties may arise, seeing the inter-

pretation that has been placed upon the words "in his own right." A director ceases to be qualified if he no longer holds his qualification shares, and, if he vacates his office on that account, he is incapable of being reappointed as a director until he has qualified again. The articles should also provide for the vacation of office of any director who neglects his duties or absents himself from the meetings of directors. Absenting himself will obviously apply only if the absence is the voluntary act of the director.

For the transaction of the business of the company, the directors must meet periodically, either at appointed times, or when convenient to themselves. A meeting of which no proper notice is given is irregular. The articles provide what is to be the quorum of directors, or the minimum number present for the transaction of business, but *prima facie* the number cannot be less than a majority of the whole. Any difficulties on this point can easily be avoided by having carefully drawn articles. If no quorum is provided for, the number which usually meets will be sufficient.

The powers of the directors are the rights which they possess of dealing with other persons for and on behalf of their own company, and a clause in the articles of association may be framed so as to clothe them with the amplest authority. If the articles are silent on the point, the law will imply that all the ordinary powers connected with a business of the same kind as that carried on by the company are conferred upon the directors, and a very liberal construction will then be placed upon their actions. It is not advisable, however, to rely upon implied powers, as the directors may go beyond what ordinary business men would think necessary, and it must not be forgotten that they must not do anything which is altogether outside the scope of the business of the company.

The directors are personally liable for all acts which are *ultra vires* the company, and they may be responsible for acts which are *intra vires* the company and yet *ultra vires* the directors, but the shareholders may always ratify any act which is *ultra vires* the directors, and the whole of the powers of the directors may be increased or diminished by an alteration of the articles of association.

Owing to their position as agents, and in accordance with the general law of agency, directors must never allow themselves to be placed in such a position that their duties to the company and their private interests are in conflict, otherwise they may be called upon to refund any moneys expended by them, even though the expenditure may appear to be for the benefit of the company. Again, no director can ever contract with the company of which he is a director, unless special provision is made for such a thing in the articles of association, or unless the company ratifies such a contract if it is made. The duties of a director cannot be delegated except by express authority, or except in the same manner as the duties of an ordinary agent can be delegated. The directors act in a body in a meeting specially convened for the purposes of carrying out the duties conferred upon them by the articles of association of the company. They invariably act by resolution. Minutes of their proceedings must be kept and signed by the chairman. Such minutes are *prima facie* evidence of what took place at such meetings.

Owing to the peculiar position of companies as legal entities, apart altogether from the nationality

of the shareholders and officials, an Act was passed in 1917—the Companies (Particulars as to Directors) Act—which imposed additional obligations upon companies as to the disclosure of particulars respecting directors. The Act was really passed in order to make the obligations which were imposed in the case of partnerships by the Business Names Act, 1916 (*q v*), applicable to joint stock companies. The result is that, for the present at any rate, returns must be made in which the names and the nationalities of the directors must be fully disclosed in the particulars contained in the annual summary (*q v*) which it is imperative for a company to file.

No director can act, or bind the company by his acts, before he is validly appointed to his position as director. His authority to act dates from the time of his appointment. Such authority continues until a director is removed from his position, or becomes disqualified, or the company is in process of being wound up. Difficulties may sometimes arise as to directors, especially when it is not easily ascertainable whether they are really acting with strict legality. To avoid some of these difficulties it is provided, by Section 74 of the Act of 1908, that the acts of a director or manager shall be valid, notwithstanding any defect that may afterwards be discovered in his appointment or qualification.

As members of the company, directors are peculiarly liable to the extent of their holding. If they are shareholders and calls remain unpaid, they must meet the calls when made just as any other member of the company is bound to do. But by the Companies Act, 1867, an additional liability was made possible, for it was enacted that the liability of directors might, in certain cases, be unlimited. These provisions are now reproduced in Sections 60 and 61 of the Act of 1908. It is rare, indeed, to find a case in which the liability of directors is made unlimited. In other respects, when acting in their province as agents of the company, they do not render themselves personally liable unless their acts are *ultra vires* the company, or unless they have acted with gross negligence. They are personally responsible for fraud, though in certain cases where the company has taken advantage of fraudulent representations the company will be held bound as well as the directors. The directors are, *prima facie*, liable for fraudulent statements contained in a prospectus. They may, however, escape if they can show: (1) That they believed the statements contained in the prospectus were true, or that they had reasonable grounds for believing so, and that they retained the belief up to the time of the allotment of the shares, debentures, or debenture stock, as the case may be; (2) that the statements set forth were made upon the reports or valuations of duly qualified and competent persons, *e.g.*, engineers, valuers, accountants, or other experts, or that they were copied from some official document; (3) that they withdrew their consent from the prospectus and gave public notice of the fact.

Personal liability may also result in case a director signs a bill of exchange, promissory note, or cheque on behalf of a company, and fails to disclose the representative capacity in which he acts. In the winding-up of companies, directors may be examined when any charge of misfeasance is brought against them in respect of the discharge of their duties. (See WINDING UP.)

Directors, as has been pointed out, are civilly liable for gross negligence in the performance of

their duties, for misfeasance, and for breach of trust. They may also render themselves liable to a criminal prosecution under Section 84 of the Larceny Act, 1861 (a section which was not repealed by the Larceny Act, 1916), which runs as follows—

"Whosoever being a manager, director, or public officer of any body corporate or public company shall make, circulate, or publish, or concur in making, circulating, or publishing, any written statement or account which he shall know to be false in any material particular, with intent to deceive or defraud any member, shareholder, or creditor of such body corporate or public company, or with intent to induce any person to become a shareholder or partner therein, or to entrust or advance any property to such body corporate or public company, or to enter into any security for the benefit thereof, shall be guilty of a misdemeanour, and, being convicted thereof, shall be liable at the discretion of the court to any of the punishments which the court may award as hereinafter last mentioned."

(*s.e.* penal servitude for any period between three and seven years, or imprisonment with or without hard labour, and with or without solitary confinement, for a period not exceeding two years).

DIRECTORS, ALTERNATE.—An "alternate" director is one who acts as a substitute in the place of a director unable to attend board meetings, etc., of the company of which he is a director. The duties of a director cannot be delegated except by express authority and sanction of the shareholders, and, therefore, it is necessary for the articles of association to confer authority for the appointment of the alternate or substitute director.

As a general rule, the right of making such an appointment is vested personally in each director concerned, and the "alternate" holds office only at the pleasure and will of the director by whom he is appointed. The shareholders have no power to review the appointment, but usually the articles provide that it shall be subject to the approval of the other directors. The authority of the alternate director is restricted to those occasions when his principal is absent, but his acts (provided they are within the scope of his authority) are valid and binding upon the company. The alternate's appointment must be recorded in the Register of Directors, and particulars must also be included in the Annual Summary (*q v*), which must be filed with the Registrar of Companies.

Unless the articles contain suitable provisions, the alternate director has no claim for fees or other remuneration from the company; he is "employed" by the director by whom he is appointed, and that director is responsible for his remuneration.

The effect of this practice is that the office of director may be delegated or assigned to another person at the will of the holder of that office. The Company Law Amendment Committee considered this to be undesirable and recommended that any such assignment should be void unless and until it has been sanctioned by a special resolution.

DIRECTORS' FEES.—(See DIRECTORS.)

DIRECTORS' LIABILITY INSURANCE.—With the growing sphere of public liability insurance, a few companies now issue insurance policies covering any loss which company directors may suffer legally in consequence of neglect of their duties. Recent financial crashes of big companies have been the cause of the issue of this type of policy. It is

still rare, however, and special rates will be quoted in individual cases

DIRECTORS' REPORT.—This is usually drawn up once a year, and submitted with the accounts to the shareholders at the annual general meeting of the company. It should include a résumé of the year's operations, with comments on the financial position of the company. In the words of Clause 107 of Table A (*q v*) it should be—

"a report of the directors as to the state of the company's affairs and the amount which they recommend to be paid by way of dividend, and the amount (if any) which they propose to carry to a reserve fund

(Some people will think that Table A is unduly optimistic, for it will be noticed that the ubiquitous words "if any" are omitted in connection with the declaration of a dividend.)

Clause 108 of Table A provides that a copy of the balance sheet and report shall, seven days previously to the meeting, be sent to the persons entitled to receive notices of general meetings; even where the regulations governing any particular company do not make it obligatory to send a copy, it is extremely desirable that this should be done, as shareholders then have an opportunity of making themselves familiar with the contents beforehand, and much time may be saved at the meeting as a result. It also lends support to the motion "that the directors' report and accounts be taken as read," which it is customary to move in order to dispense with a very tiresome formality. It is usual for the chairman, after having made such observations and explanations as he may deem advisable, to submit the report and accounts to the meeting by moving "that the directors' report and accounts be accepted"; the motion, after being seconded by one of the directors, is then put to the meeting. If the motion be rejected by the shareholders, it is tantamount to a vote of censure on the Board, although failure by the meeting to adopt the report and accounts would have no legal effect.

DIRECT TAXES.—These are fixed taxes which are imposed upon and payable directly by individuals. An example of a direct tax is the income tax, which is paid by the person on whom it is levied.

DISABILITIES OF BANKRUPT.—(See DISQUALIFICATIONS OF BANKRUPT.)

DISABILITY BENEFITS.—A life assurance policy sometimes incorporates certain disability benefits at a slight addition to the premium. They usually cease, however, at 60. The most usual benefits given during disability include (a) waiver of premiums only; or (b) waiver of premiums and immediate payment of sum assured in one sum or in instalments (usually 5 per cent. or 10 per cent.); or (c) waiver of premiums and an annuity (generally 10 per cent. of sum assured) during disablement, the full sum assured being also payable at death or maturity. Scheme (c), though naturally more expensive, is the most popular. This class of risk is generally restricted to male lives assurable at ordinary rates and engaged in non-hazardous occupations. It is far more common in America than in this country. It is sometimes called Incapacity Benefit (See also PERSONAL ACCIDENT INSURANCE.)

DISABILITY, LEGAL.—(See CONTRACT.)

DISAGIO.—(See AGIO.)

DISBURSEMENTS WARRANTY.—This is a marine insurance term, and is frequently known as the 10 per cent. Disbursements Clause. Its validity

has been upheld by the courts, in spite of its mention of "honour" policies.

"(a) Warranted that (except as hereinafter mentioned) the amount insured policy proof of interest or full interest admitted for account of assured and/or their managers and/or mortgagees on Premiums, Freight, Fire, Profit, Disbursements, Commissions, or other interests or on excess or increased value of Hull or Machinery, however described, shall not exceed 10 per cent. of the values of the hull and machinery as stated herein, but this warranty shall not restrict the assured's right to cover.

(b) *Premiums.* Any amount not in excess of actual premiums for twelve months on all interests of whatsoever nature insured (including estimated premium on any Club Insurance), but in all cases reducing monthly by a proportionate amount of the whole.

"(c) *Freight and/or Chartered Freight and/or Anticipated Freight on Board or not on Board, Insured for 12 Months or other time.* Any amount not exceeding 25 per cent. of the value of hull and machinery as stated herein less the amount if any insured under Clause (a). If at any time the gross freight and/or chartered freight at risk exceeds the amount placed on freight and/or chartered freight for time, the owner to have the liberty to cover the excess amount whilst at risk.

"(d) *Freight and/or Chartered Freight for Voyage.* Any amount not exceeding the actual gross freight and/or chartered freight at risk, all freight covered under Clauses (a) and/or (c) hereof to be taken into account.

"(e) *Anticipated Freight.* If the vessel be in ballast and unchartered, an amount reasonably estimated on the basis of current freight at time of insurance for anticipated net freight on the next cargo passage, all freight covered under Clause (a) and/or (c) and/or (d) to be taken into account.

"(f) *Time Charter, Hire or Profit on Time Charter, or Charter for Series of Voyages.* Any amount not exceeding the reasonably estimated net profit, reducing as earned, on a period not exceeding the length of the charter. Any amount insured under Clause (a) and/or (c) and/or (d) and/or (e) to be taken into account, and only the excess of such amount to be insured, reducing *pro rata* as earned.

"(g) *Excess Liabilities* in the terms of the Institute Clause only.

"Provided always that a breach of this warranty shall not afford Underwriters any defence to a claim by Owners, Mortgagees, or other parties who may have accepted this policy without notice of such breach and are not parties or privy thereto."

The clause appears in all standard hull insurances. Its object is to encourage the insurance of vessels on a fair valuation "all risks," and so prevent a shipowner obtaining full cover at an inadequate premium. (See also DUAL VALUATION CLAUSE.)

DISCHARGE OF BANKRUPT.—(a) *Generally.* As an undischarged bankrupt is subject to very serious disabilities, he is naturally anxious to be discharged as soon as possible. His discharge to all intents and purposes sets him free from all claims by creditors who ranked for dividend.

(b) *Application for Discharge.* A bankrupt may, at any time after adjudication, apply for an order of discharge. The application is not heard until the public examination is concluded, and is heard in

open court Notice of the day appointed by the court for the hearing of the application is published and sent to each creditor who has proved, and also to each person whose name the debtor has entered in his statement of affairs as a creditor The application may be withdrawn by leave on payment of the costs thrown away.

(c) *Powers of Court.* A discharge is not to be had for the mere asking, for on hearing the application the court takes into consideration a report of the official receiver as to the bankrupt's conduct and affairs (including a report as to his conduct during the bankruptcy proceedings). The court may then either grant or refuse an absolute order of discharge, or suspend the operation of the order for a specified time, or grant an order of discharge subject to any conditions with respect to any earnings or income which may afterwards become due to the bankrupt, or with respect to his after-acquired property.

In certain cases the court has no option with regard to the course to be adopted. Thus, if the bankrupt has committed any of the misdemeanours set out in Section 154 of the Bankruptcy Act, 1914, or any other misdemeanour connected with his bankruptcy, or any felony connected with his bankruptcy, the discharge must be refused, unless for special reasons the court otherwise determines. Again, on proof of certain facts (see below), the court must—

(1) Refuse the discharge; or
(2) Suspend it for such period as the court thinks proper, or

(3) Suspend it until a dividend of not less than 10s in the £ has been paid to the creditors; or

(4) Require the bankrupt, as a condition of his discharge, to consent to judgment being entered against him by the official receiver or trustee for any balance, or part of any balance of debts not satisfied at the date of the discharge, such balance to be paid out of future earnings or after-acquired property, as the court may direct. Execution on such a judgment may not issue without the leave of the court, which may be given on proof that the bankrupt has, since his discharge, acquired property, etc., available for payment of his debts.

If at any time after the expiration of two years from the date of any order so made, the bankrupt can satisfy the court that there is no reasonable probability of his being able to comply, the court may modify the order. Suspension for as much as five years will not be imposed except in bad cases. An order for 10s in the £ to some and not to all creditors cannot be made. In one case the court suspended a discharge for two years where the bankrupt, after setting aside £500 a year for himself, undertook to pay the balance to the trustee until the creditors received 10s in the £. Assets are deemed to be equal to 10s. in the £ when the property with due care in realisation might realise an amount equal to 10s. in the £ on the unsecured liabilities of the bankrupt.

(d) *Facts which may Prevent Discharge.* Under Sect. 26 of the Bankruptcy Act, 1914, the court must exercise the powers above referred to on proof of any of the following facts—

(1) *Assets not Equal to 10s. in the £.* That the assets are not equal to 10s. in the £ on the bankrupt's unsecured liabilities, unless the bankrupt satisfies the court of the fact that this state of things has arisen from circumstances for which he cannot justly be held responsible.

(2) *Omission to Keep Books.* That the bankrupt

has omitted to keep such books of account as are usual and proper in the business carried on by him, and as sufficiently disclose his business transactions and financial position within the three years preceding his bankruptcy.

(3) *Trading after Insolvency.* That the bankrupt has continued to trade after knowing himself to be insolvent. A debtor does not trade after knowing himself to be insolvent who believes that a careful and prudent realisation of assets will produce 20s in the £, although he may know that a forced sale at breaking-up prices will not produce that result.

(4) *Wrongful Contraction of Debts.* That the bankrupt has contracted any debt provable in the bankruptcy without having at the time of contracting it any reasonable or probable ground of expectation (proof whereof shall lie on him) of being able to pay it.

(5) *Loss of Assets.* That the bankrupt has failed to account satisfactorily for any loss of assets, or for any deficiency of assets, to meet his liabilities.

(6) *Hazardous Speculation.* That the bankrupt has brought on or contributed to his bankruptcy by rash and hazardous speculation, or by unjustifiable extravagance in living, or by gambling, or by culpable neglect of his business affairs. "A man is not bound to keep up appearances, but to pay his debts, and if his profits will not allow of his living at the usual rate, then his plain duty is to reduce his scale of living and not to go on living out of the money of his creditors."

(7) *Vexatious Actions.* That the bankrupt has put any of his creditors to unnecessary expense by a frivolous or vexatious defence to any action properly brought against him.

(8) *Unjustifiable Expense.* That the bankrupt has brought on or contributed to his bankruptcy by incurring unjustifiable expense by bringing a frivolous or vexatious action.

(9) *Undue Preference.* That the bankrupt has, within three months preceding the date of the receiving order, when unable to pay his debts as they became due, given an undue preference to any of his creditors.

(10) *Fraudulently Incurring Liabilities.* That the bankrupt has, within three months preceding the date of the receiving order, incurred liabilities with a view of making his assets equal to 10s in the £ on the amount of his unsecured creditors.

(11) *Prior Bankruptcy.* That the bankrupt has, on any previous occasion, been adjudged bankrupt, or made a composition or arrangement with his creditors.

(12) *Fraud.* That the bankrupt has been guilty of any fraud or fraudulent breach of trust.

A discharge also may be refused, suspended, or granted conditionally where the debtor has made an ante-nuptial settlement which the court thinks was made in order to defeat or delay his creditors, or was unjustifiable, having regard to the state of his affairs when it was made.

(e) *Effect of Order of Discharge.* As already hinted, discharge of the bankrupt does not release him from all debts. Thus, it does not release him from debts due on a recognisance, Crown debts, or debts due on bail bonds. He cannot be discharged from such excepted debts unless the Treasury certify their consent in writing. Discharge does not release the bankrupt from any debt or liability incurred by means of any fraud or fraudulent breach of trust to which he was a party, otherwise

it releases the bankrupt from all debts provable in bankruptcy, and is conclusive evidence of the bankruptcy and of the validity of the proceedings therein, and in any proceeding instituted against a discharged bankrupt in respect of any debt from which he is released, he may plead that the cause of action occurred before his discharge.

As the order releases the bankrupt from all provable debts, it follows that a creditor who does not take the trouble to prove loses his remedy. The discharge releases all English debts in any part of the world.

Discharge, however, does not release any person who, at the date of the receiving order, was a partner or co-trustee with the bankrupt or was jointly bound, or had made any joint contract with him, or any person who was surety or in the nature of a surety for him.

A promise by a discharged bankrupt to pay a debt from which his discharge has released him is a mere *nudum pactum*, and will not support an action unless there is new and valuable consideration. An order for appropriation of pay or salary (see PROPERTY DIVISIBLE AMONGST CREDITORS) is put an end to by an order of discharge, unless expressly continued. The discharge does not exempt the debtor from being proceeded against for any criminal offence, nor does it release him from a money penalty for some offence of a criminal nature. An order of discharge does not release a bankrupt from any liability under a judgment against him in an action for seduction, or under an affiliation order, or as a co-defendant in a matrimonial cause, except as the court may order. A discharged bankrupt must give such assistance as the trustee may require in the realisation and distribution of the property vested in the trustee, and if he refuses to do so, he is guilty of a contempt of court. The court may also, if it thinks fit, revoke his discharge, but without prejudice to the validity of any sale, disposition, or payment duly made or thing duly done subsequent to the discharge, but before its revocation. (See UNDISCHARGED BANKRUPT.)

DISCHARGE OF BILL.—So long as a bill of exchange remains in existence and is valid, there are certain rights of action upon it. But as soon as these rights have been extinguished, the bill is said to be discharged. It has ceased, in fact, to be a negotiable instrument, and even a holder in due course (*q.v.*) has no right of action upon it. But it does not follow that a holder is without any remedy at all. Perhaps he may be entitled to sue independently of the instrument. The great value of being in possession of a bill of exchange, so long as it is valid and good, cannot be overestimated from the point of bringing an action at law. But no action can arise if the bill is discharged. A discharge puts an end to the value of the document as far as an action upon it is concerned. There may still be a right of action on the consideration, but even this is lost in certain circumstances. It is most important, therefore, to know when a bill is discharged, so as to be quite certain whether there is or is not any action remaining upon it.

The most obvious and general method of discharging or extinguishing the right of action upon a bill is payment by the acceptor according to the tenor of the instrument.

"A bill is discharged by payment in due course by or on behalf of the drawee or acceptor." (Sect 59, s.s. 1)

"Payment in due course" is defined as payment made at or after the maturity of the bill to the holder in good faith and without notice that his title to the bill is defective. These various points require particular attention. If the acceptor pays at or after maturity, the bill is discharged, and no action can then be brought upon it. In considering the date of maturity of a bill, the whole of the last day for payment must be included. But if the payment is made before maturity the acceptor can re-issue the bill, since it is not discharged. And thus re-issue may take place over and over again before the maturity of the bill, if there is a fresh consideration for each issue. When such a bill is re-issued, a holder in due course has a right of action against all the parties to it, just as in the case of a first issue, but any discharges by premature payment are valid as between the various parties themselves. For example, A accepts a bill which is negotiated through several parties, and which eventually gets into the hands of B. B indorses it for value to A before maturity. A immediately negotiates it by indorsing it for value to C. At maturity, C can sue all the parties to the bill. Again, if a bill which is indorsed in blank is paid by the acceptor before it is due, and the acceptor afterwards loses it before maturity, a holder in due course can recover on the bill, having his right of action against all parties to the bill, including the acceptor.

It is a matter of the utmost importance to an acceptor who pays a bill before maturity to get it into his possession and to destroy it at once, unless he re-issues it. If he fails to do so, he is in exactly the same position as if the bill had been paid before maturity and lost.

These remarks as to premature payment can apply only to bills which are payable at a determinable future time. They have no reference to those which are payable on demand, since such bills cannot be prematurely paid, being due the moment they are presented. If, then, an acceptor pays a bill payable on demand and takes it, he cannot re-issue it at all. If he does so, it is valueless even in the hands of a holder for value. No person, therefore, should take a bill payable on demand from the acceptor, in the first instance, if the bill bears the indorsement of the payee or of any other person. It is quite clear that where the acceptor of a bill is, or becomes, the holder of it at or after its maturity in his own right the bill is discharged.

The payment must be made to the person who is the holder or to some person duly authorised by him, in order to operate as a discharge. If there is any doubt on the part of the acceptor as to the identity of the holder, an indemnity should be asked for, though it need not be given. There can be no doubt that possession is *prima facie* evidence of the identity of the holder, at least in the United Kingdom, and that where a holder does present a bill for payment to the acceptor, the latter must pay or refuse payment at his own peril. If it turns out eventually that he has paid the wrong person, he may be called upon to pay a second time, if he refuses to pay, he runs the risk of an action being brought against him. But where it can be shown that the payment has been made by the acceptor in good faith, and without any notice of defect of title, the payment is valid and the bill is discharged.

Payment will not operate as a discharge of a bill unless it is made by or on behalf of the acceptor, and made at or after maturity. Payment by the

drawer or by an indorser does not, except in the case of an accommodation bill, where the drawer or the indorser is the person accommodated, act as a discharge. It is necessary, however, to examine the position of the parties in different cases. Where a bill is drawn payable to, or to the order of, a third party, and the drawer himself pays the holder, although the bill is not discharged, the drawer cannot re-issue it. His only remedy is against the acceptor who has not met it when presented to him for payment. If the bill is payable to the drawer's order and after being dishonoured is paid by the drawer, the drawer, in addition to his remedy by action against the acceptor, may also strike out his own and all subsequent indorsements and again negotiate the bill. It is not advisable, however, for persons to take such a bill unless there are special circumstances for so doing. An indorser who pays the holder and takes the bill, a process which is known as "retiring the bill," is in the same position as the drawer to whom or to whose order a bill is made payable. He may sue the acceptor or any antecedent parties, or he may, if he thinks fit, strike out his own and subsequent indorsements, and once more negotiate the bill.

If the whole of the amount of a bill is not paid in due course by the acceptor, but a part only, the right of the holder is reduced by the amount paid, and he may sue for the balance. In the case of part payment by the drawer or the indorser, where the bill is retained by the holder—for a holder is not bound to give up his document until he has been paid in full—the holder may still pursue his remedies by action, but if he recovers the amount from the acceptor, he is a trustee as to the balance beyond what is due to himself on the bill, and he is bound to hand over that balance to the drawer or the indorser who has made the part payment.

It is not always possible for a person who has paid a bill by mistake to recover the money from the person to whom he has paid it, and who cannot give a discharge for the bill owing to forgery, alteration, or cancellation, but there appear to be two rules which may be regarded as summing up the law upon this subject. The first is that the person who pays a bill which has been forged, altered, or cancelled may reclaim the money if he has been deceived through the negligence of any party who ought to have exercised care with regard to him, and if he himself has not been guilty of any negligence. The second is that money similarly paid can be recovered from the payee if the latter was not acting throughout in good faith.

The handing over of a bill which has been met is a sufficient discharge of the instrument. But if a receipt is written upon it, a 2d stamp is now necessary.

When the holder of a bill at or after its maturity absolutely and unconditionally renounces his rights against the acceptor, the bill is discharged, that is, there is no longer any right of action upon it. But the renunciation must be in writing, unless the bill is delivered up to the acceptor. The absolute and unconditional renunciation must be made to the acceptor at or after maturity. There cannot afterwards be a holder in due course. If it is made before maturity and the bill again gets into circulation, the rights of a holder in due course who has had no notice of the renunciation are in no way affected. A holder may renounce his particular rights against any other party to the bill, other than the acceptor, before, at, or after its maturity.

This must also be made in writing, but no renunciation of this kind discharges the bill. All rights are preserved against the other parties. Thus, the holder of a bill before maturity writes to the first indorser saying that he renounces all rights in the bill against him. The whole of the indorsers are discharged. But the drawer and the acceptor still remain liable. If the bill is afterwards negotiated to a holder in due course no renunciation is of any value. The holder in due course who has taken the bill without any notice of renunciation has his rights against all the parties as though nothing has happened. It appears that a bill is discharged if it is delivered at or after maturity to the executors or administrators of a deceased acceptor, but this is not so if the bill is delivered to the devisee of the acceptor. It is very uncommon to find cases of renunciation in practice. It would always be advisable where there is a renunciation that a note or memorandum of it should be indorsed upon the bill. Such a note would serve as notice to any person to whom the bill was afterwards negotiated.

Another method of discharging a bill is by cancellation on the part of the holder or his agent, the cancellation being intentionally made and apparent on the face of the bill. And just as a holder may renounce his rights against any particular indorser, as was shown in the last paragraph, so he may discharge any indorser by intentionally cancelling that indorser's signature, and where an indorser is discharged, all subsequent indorsers, who might have had a right of recourse against him, are discharged. In the words of the Act—

"Where a bill is intentionally cancelled by the holder or his agent, and the cancellation is apparent thereon, the bill is discharged. In like manner any party liable on a bill may be discharged by the intentional cancellation of his signature by the holder or his agent. In such case any indorser who would have had a right of recourse against the party whose signature is cancelled is also discharged." (Sec. 63).

Thus, the holder of a bill intentionally strikes out the acceptor's signature. The bill is discharged, and no one can maintain an action upon it. But if the cancellation is not apparent upon the face of the bill, and the holder afterwards negotiates it to a holder in due course, such holder in due course is not prejudiced by the cancellation and can sue the acceptor. Where a cancellation is made unintentionally, or under a mistake, or without the authority of the holder, such cancellation is entirely inoperative. But in any action upon a bill where the bill itself or any signature thereon appears to have been cancelled,

"The burden of proof lies on the party who alleges that the cancellation was made unintentionally, or under a mistake, or without authority" (Sec. 63, s.s. 3).

In such a case the holder ought at once to mark the bill or the cancelled signature "cancelled by mistake," and add his signature or his initials.

A bill is avoided, that is, no action can be maintained upon it, when there has been a material alteration made without the assent of all parties, except as against the party who has made, authorised, or assented to the alteration and all subsequent indorsers. (See ALTERATION OF BILLS AND CHEQUES.)

Very few words are necessary as to the discharge of a cheque. So long as it remains in circulation, an action may be maintained upon it, subject to

various defences, but when it has been paid by the banker upon whom it is drawn, the common practice is for the banker to cancel the signature and then the cheque is discharged.

DISCHARGING CARGO.—In all maritime transactions expedition is of the utmost importance, for even by a short delay the season or object of a voyage may be lost. Where the time is expressly ascertained and limited by the terms of the contract, the merchant will be liable to an action for damages if the thing is not done within the time, although this may not be attributable to any fault or omission on his part, for he has engaged that it shall be done. If the merchant is the author of the delay by which expenses are afterwards occasioned, those expenses will fall on him. Difficult questions may sometimes arise as to the circumstances which ought to be taken into consideration in determining what time is reasonable for discharging cargo. The question whether the time was reasonable or unreasonable ought to be judged with reference to the means and facilities available at the port, and to the regulations and course of business at the port. An agreement that a vessel shall deliver her cargo "as fast as the custom of the port will allow," if there is no custom, means that the vessel shall be discharged with reasonable dispatch. Although a charterer may contract to load or discharge a ship in a given time, it does not follow that the shipowner can, in all such cases, enforce that contract against the consignee or the person who receives the cargo, so as to recover demurrage or damages for detention, even when that detention has been incurred at the port of discharge. The port of discharge is generally a place of wide extent, some parts of which only are suitable for the discharge. In determining the place and mode of discharging, the shipowner must conform to the regulations and the ordinary practices of the place. Where there are several places in the port at which the cargo may properly be discharged, the option, in the case of a general ship, lies with the shipowner, unless the matter is controlled by a usage of the port; but where the ship is under charter, it has been held that the shipowner must obey the directions of the charterer, or of the assignees of the cargo, as to which discharging place to go to. The manner of discharging is also, in the absence of special terms, to be determined by reference to the regulations and practices of the port of discharge. These will show whether the goods should be discharged in the open water, or at a wharf, or in dock, and whether on to the wharf or quay, or into a hulk or lighters alongside the ship. As a general rule, it is the duty of the consignee of the goods or the charterer to remove the goods from the ship's side, and to supply for that purpose a proper number of men and suitable appliances ordinarily used at the port, having regard to the manner in which the ship is to be discharged. The shipowner must supply the necessary men and appliances for getting the goods out of the holds, and delivering them upon the deck, or at the ship's side. The shipowner must sort the goods so as to give delivery to the several consignees; but where goods have been shipped in bulk, as one parcel, the consignee cannot require the shipowner to separate them. As a general rule, the shipowner discharges his duty when he makes delivery at the ship's side, or, at most, on the quay. In the absence of a special agreement, the master is under no obligation to notify the arrival of the ship to the consignees of the cargo; they are bound

to watch for it. Where the consignee fails to claim the goods, the master may land and warehouse them, and the consignee will be liable for any expenses incurred through his neglect to claim them. (See also CAPTAIN'S ENTRY CHARGES.)

DISCLAIMER OF ONEROUS PROPERTY.—(a) **Generally.** A trustee in bankruptcy is not bound to take over all the heavy responsibilities which the performance of the bankrupt's contracts, partially performed at the date of the bankruptcy, might impose upon him. The law allows the trustee in certain cases to "disclaim" contracts which he considers are onerous. Full particulars of the right of disclaimer are set out in section 54 of the Bankruptcy Act, 1914.

The intention of the legislature is, however, while providing for the relief of the trustee from onerous obligations, to do so with as little disturbance as may be of the rights and liabilities of third persons by reason of the disclaimer. The Bankruptcy Act provides that where any part of the property of the bankrupt consists of land, is burdened with onerous covenants, or shares or stock in companies, or unprofitable contracts, or of any other property that is unsaleable, or not readily saleable, by reason of its binding the possessor to the performance of any onerous act, or to the payment of money, the trustee, although he has endeavoured to sell or has taken possession of, or has exercised acts of ownership in relation thereto, may, subject to certain formalities, at any time within twelve months after his appointment as trustee, disclaim the property. Where any such property does not come to the knowledge of the trustee within one month after his appointment, he may disclaim at any time within twelve months after he has first become aware of it. The disclaimer must be in writing signed by the trustee. A written disclaimer signed by the trustee's solicitor is invalid. The disclaimer is inoperative until it has been filed. It puts an end to the rights, interests, and liabilities of the bankrupt in respect of the property disclaimed, and discharges the trustee from all personal liability in respect of such property. Except so far as is necessary for the purpose of releasing the bankrupt, his property, and the trustee from liability, it does not affect the rights and liabilities of any other person. The trustee may disclaim freehold property if it is burdened with onerous covenants, and he may also disclaim shares.

(b) **Disclaimer of Leaseholds.** A trustee cannot disclaim a lease without the leave of the court, except as prescribed by general rules. The court may, before granting leave, require notice to be given to persons interested, and impose terms as a condition of granting leave, and make orders with respect to fixtures, tenant's improvements, and other matters arising out of the tenancy. It will be seen from this that in the case of leaseholds there may be: (1) disclaimer without leave; and (2) disclaimer with leave.

(1) **Disclaimer without Leave.** Leave to disclaim is unnecessary (a) where the bankrupt has not sublet any part of the premises or mortgaged the lease, and (i) the rent reserved and real value of the property leased are less than £20 per annum, or (ii) the estate is the subject of a summary administration (see SMALL BANKRUPTCIES), or (iii) the trustee serves the lessor with notice of his intention to disclaim, and the lessor does not, within seven days, give notice to the trustee requiring the matter to be brought before the court, (b) where

the bankrupt has sub-let the premises or mortgaged the lease, and the trustee serves the lessor and the sub-lessee or the mortgagees with notice of his intention to disclaim, and none of them, within fourteen days require the matter to be brought before the court. Where a lease may be disclaimed without leave, the court cannot order compensation to the landlord.

(2) *Disclaimer with Leave* In other cases, leave must be obtained, and a parol tenancy, such as a tenancy from year to year, can be disclaimed only by leave. A lease may be disclaimed, although the term has expired by effluxion of time or by forfeiture. The court has power to impose terms upon a trustee who seeks to disclaim, and in determining what the trustee ought to pay, regard must be had to the question whether the occupation has either in fact produced a benefit to the bankrupt's estate, or was contemplated as likely to produce a benefit.

Questions as to disclaimer frequently arise in connection with landlord and tenant. If the bankrupt is a lessee, the trustee can free himself from all liability by disclaimer within the twelve months. The lease is put an end to by the disclaimer, but if there is a sub-lessee in possession, he cannot be ejected on disclaimer by the trustee of the lessee. The landlord may, however, distrain for the rent in arrear. If the bankrupt is assignee of the lease, and the lease is disclaimed, the rights of the landlord and the lessee are unaffected by the disclaimer.

(c) *Loss of Right to Disclaim.* A trustee loses his right to disclaim if an application in writing has been made to the trustee by any person interested in the property requiring him to decide whether he will disclaim or not, and he has for twenty-eight days after the application, or such extended period as may be allowed by the court, declined or neglected to give notice whether he disclaims or not. In the case of a contract, if the trustee, after application, does not disclaim the contract, he will be deemed to adopt it. Failure to decide within this period may render the trustee personally liable for the payment of rent and costs, if he desires to disclaim.

(d) *Rescission of Onerous Contract.* The court may make an order rescinding bankrupt's contract on such terms as to payment by or to either party of damages for the non-performance of the contract, or otherwise as may seem equitable, and damages payable under the order to any person may be proved by him as a debt under the bankruptcy.

(e) *Vesting Orders.* The court may vest disclaimed property in any person entitled thereto, or in any person to whom it may seem just that the same should be delivered by way of compensation for liability incurred owing to disclaimer, or to a trustee for him, and on such terms as the court thinks fit. On a vesting order being made, the property vests without any conveyance or assignment for the purpose. The court has power to make a vesting order, not merely of the interest which the person making the application had in the disclaimed property before the bankruptcy, but if necessary it may make an order for the vesting in him by way of compensation of something to which he was not previously entitled. Where property disclaimed is leasehold, the court cannot make a vesting order in favour of an under-lessee or mortgagee by demise unless such person becomes subject to the liabilities and obligations of the bankrupt at the date when the bankruptcy petition was filed. If there be no person claiming under the

bankruptcy who is willing to accept such terms, the court has power to vest the bankrupt's estate and interest in the property of any person, freed and discharged from all estate incumbrances and interest created by the bankrupt. A mortgagee or sub-lessee from a bankrupt lessee can, as a rule, obtain a vesting order only upon the terms and conditions above mentioned. The persons most likely to seek for vesting orders are sub-lessees and mortgagees. It is competent for the landlord of a bankrupt lessee to apply for an order vesting the property in the mortgagee, subject to the liabilities of the original lease. When a mortgagee does not appear on a debtor's application, the court will exclude him from all interest in and security on the property, unless he shall soon declare his option to taking a vesting order. A person claiming an interest in the property must, on request of the official receiver or trustee, furnish a statement of his interest.

(f) *Persons Injured by Disclaimer.* A person injured by a disclaimer is deemed to be a creditor of the bankrupt to the extent of the injury, and may prove for that injury as for a debt under the bankruptcy.

Where a bankrupt was a lessee for a term of years at £500 a year, and the trustee disclaimed, the landlord showed that he was unable to let his premises at so high a rent. It was held that he was entitled to prove in the bankruptcy for the difference between the present value and £500 a year for the remainder of the term. Again, if the trustee disclaim shares partly paid up, the company may prove for the whole of the unpaid calls, less any value which may be attached to the shares.

DISCLOSURE IN INSURANCE CONTRACTS.—The duty of full disclosure applies to all contracts of insurance, which are contracts *uberrimae fidei* (of the utmost good faith).

This duty casts upon the proposer the obligation of full disclosure of all material facts and on the office the like duty of disclosure, and the further duty of accurately stating the nature and extent of the contract into which they are proposing to enter (*Bradley v Essex and Suffolk Accident Insurance Society*, 1912, 1 K B. 415 CA.).

The duty is not contractual but arises from the nature of the contract. As to whether a fact is material the test is whether it is one which, if known at the time the negotiations took place, would reasonably have affected the minds of prudent and experienced insurers in deciding whether to accept the proposal or in fixing the rate of premium to be charged. It is not necessary for the insurers to show that if they had known the fact they would not have issued the policy—they are entitled to the information in order to make up their minds.

DISCONTINUANCE.—The technical term for abandoning an action at law. Both the plaintiff and the defendant can put an end to their action if they choose to do so, but except in the case of a plaintiff's giving notice in writing before the defence has been delivered that he intends to abandon his action, discontinuance is impossible without the leave of the court, and this leave will be granted only upon special terms. (See ACTION, ABANDONMENT OF).

DISCOUNT.—There are three kinds of discount—trade discount, cash discount, and bankers' discount. Trade discount is an allowance made from the usual invoice price, and is usually at a high rate per cent, ranging from 7½ per cent to 75 per cent. It depends upon the usual custom of the

trade as to the discount allowed, and also according to the particular class of the trade or the goods, and altogether irrespective of any time of payment. The rate of discount varies with the extent of the trade which is done by a particular customer. By this method a trader is enabled to issue a circular containing what are known as "list prices," which are applicable to all buyers, and an adjustment in prices is made after purchases have been effected. When it becomes necessary for a debt to be proved in bankruptcy (*qv*), or in the winding-up of a company (*qv*), a creditor is bound to deduct all usual trade discounts, but he is not compelled to allow more than 5 per cent on the net amount of his claim, which he may have agreed to allow for cash payment.

Cash discount is an allowance made for the payment of accounts within stated periods, and is usually at a small rate per cent, ranging from 1½ per cent to 6 per cent. It is deducted from the statement on settlement of the account, and is looked upon as being earned by the cash in contradistinction to the earnings arising from trading. It depends on the length of time to elapse before the debt becomes due. In some businesses cash discount is computed in days, and is allowed at a certain rate per cent for the number of days intervening between the date on which settlement is made and that on which the account becomes due for net terms.

True discount, although bearing the name, is not in reality discount, but is the amount representing interest from any given date to the due date of a debt calculated on its true present worth, the true present worth being the amount which, with interest, will amount to the same amount as the debt by its due date. In business transactions, however, true discount is never met with, but the calculation is invariably made, especially from a banker's point of view, as though the allowance to be made was interest upon the sum payable. Thus, if discount is allowed for twelve months at the rate of 5 per cent upon a debt of £1,000, the sum of £50 is deducted and the debt is paid by handing over the sum of £950. This is what is known as banker's discount or as bank charges. This is not, however, an accurate calculation of discount. The problem that should be really presented is this: What is the sum of money which will, at the given rate of interest, amount at the end of the given period to the value of the deferred payment? The method of determining this is to take the sum of £1, and to find the amount of it for the given time, and then to divide the given sum by that amount. The quotient will give the correct answer. Thus, suppose it is required to find the true discount of £1,000 to be paid twelve months hence, at the rate of 5 per cent. The amount of £1 is £1·05. Divide £1,000 by £1·05, and the quotient is 952 7s 7½d. The true discount is, therefore, £47 12s 4½d, and not £50 as in banker's discount. Similarly, the true discount on £100 at 5 per cent is £4 15s 2½d, and not £5 as it would be if calculated on the basis of banker's discount.

It is obvious, therefore, that when a banker discounts a bill of £100 and pays the holder £95 for it, the banker will, at the maturity of the bill, when he receives £100 for it, obtain more than 5 per cent for the money he has advanced. In point of fact, he will obtain £5 for an advance of £95, and his gain will be 5⅓ per cent.

The rate of discount varies according to the demand for money, and in the case of bills of exchange, the rate is dependent upon the Bank of England Rate, the length of time before the bill matures, and the quality of the bill. If there is any doubt as to the payment of the bill at maturity, *sc*, if there is any doubt as to the financial stability of the debtor, the risk is taken into account by charging a higher rate than in the case of a bill which may be regarded as certain to be paid when it falls due.

The term "discount" is very frequently applied to denote the depreciation in value of any investment. Thus, where the shares of a company which are issued at £1 each have decreased in market value to 15s, the shares are said to be at a discount of 25 per cent. Conversely, if the market value of shares is higher than their nominal value, they are said to be at a premium.

DISCOUNT, AT A.—When the market value of bonds, stocks, or shares is below their normal or face value, they are said to be at a discount, or "below par" (See PAR).

DISCOUNT HOUSES.—Discount houses are those which make it their chief business to discount bills of exchange.

DISCOUNTING A BILL.—When the holder of a bill of exchange is desirous of obtaining money for it instead of waiting until the due date of payment arrives, he disposes of the bill at a price which is less than its face value, and parts with all property in it for a present consideration. In point of fact, he sells the bill. The price that is obtainable for a bill is dependent upon certain special circumstances, such as the state of the money market, the Bank of England Rate, the length of time the bill has to run, and, more particularly, the commercial standing of the persons who are parties to the bill, the drawer, the acceptor, and the indorsers.

It is in connection with bills of exchange that the word "discount" is most familiarly used, and the operation of discounting bills is one of the most common and important functions of ordinary banks. Bills are, in fact, the stock-in-trade of banks, and they are bought and sold with the same regularity as are the goods of the ordinary trader. If there is a large supply of good bills, they are the most eligible of all banking investments, because their dates of maturity are fixed, and it is known almost to a certainty when the money which is advanced, together with the interest due, will be repaid. The banker who discounts a bill charges his profit at the time when he makes the advance, and he is, consequently, the gainer whether the customer draws out the money or not. It may also happen that the various parties to a bill are all customers of the same bank. If this is so, numerous transactions may take place by means of cheques, and there will be nothing except a transfer of credits from one account to another during the currency of the bill, and the banker will not then be called upon to provide one single penny in actual coin, and the gain is the same when the various transactions in connection with bills take place through the medium of the Clearing House (*qv*), when the various banks concerned are members of it.

In discounting bills of exchange, the calculation is not based upon the principle of true discount, but the seller is charged interest at the discount rate upon the face value of the bill (See DISCOUNT). It follows, therefore, that discount is more profitable than interest, and the profit rapidly increases

with the advance of the rate of discount. Thus, suppose a moneylender advances a loan at 25 per cent interest. For each £100 advanced he would, at the end of the year, receive £125, but suppose he discounts a bill for £100 at the same rate. The advance would be £75, and in return he would receive £25 as interest for the £75, *i.e.*, 33½ per cent. The following table shows the difference in profit per cent in trading by way of interest and discount—

Interest	Discount	Interest.	Discount
1	1010101	20	25 000000
2	2040816	30	42 857142
3	3 092783	40	66 868686
4	4 166666	50	100 000000
5	5 263157	60	150 000000
6	6 382968	70	233 000000
7	7 526881	80	400 000000
8	8 695652	90	900 000000
9	9 890109	100	Infinite
10	11 111111		

It is necessary to distinguish the discounting of a bill from the pledge or the deposit of a bill as a security. A discounteur, such as a banker, is a holder for full value, and he is entitled, upon the maturity of the instrument, to recover the amount of it from any of the parties to the bill, in the absence of any such defences as forgery, fraud, etc., but the pledgee is not so fortunately placed. If he sues a third party, he sues as trustee for the pledgor, as regards the difference between the amount he has advanced and the amount of the bill. If, therefore, the pledgor could have sued upon the bill, the pledgee is able to recover the whole, but if the title of the pledgor is in any way defective, the pledgee cannot recover more than the amount of his advance, and only then if he has taken the bill without notice of the defect in the title of the pledgor.

DISCOVERY.—This is the name given to a certain part of the interlocutory proceedings (*q.v.*) in the conduct of a civil action at law. By means of it each party may compel his opponent to declare upon affidavit what documents are in his possession which relate to the subject-matter of the litigation. Its object is to reduce the question or questions in dispute to the narrowest limits by compelling a full disclosure of the documentary evidence upon which each party relies, and thus preventing surprise and a protracted investigation when the case comes on for trial. Under the name "discovery" is included the process by which interrogatories are applied, *i.e.*, certain questions, previously allowed by the court, which must be answered on oath and which may be used as evidence at the trial. Discovery is applicable only in civil cases, never in criminal. It applies equally to proceedings in the High Court and the county court.

DISCRETIONARY ORDER.—This is an order which is sent by a person who is speculating upon the Stock Exchange to his broker, accompanied by the usual amount of cover, authorising the broker to purchase a certain amount of stock or shares, but leaving to the broker absolute discretion as to the stock or shares to be purchased.

DISSEMBARKMENT.—The act of landing goods which have been consigned by ship from one port to another.

DISHONOUR OF BILL OF EXCHANGE.—A bill of exchange is said to be dishonoured when there is a refusal on the part of the drawee to accept it, or when, after the bill has been accepted, the acceptor refuses to pay the amount of the bill on the due date of payment. When a bill is dishonoured by non-acceptance, the holder (*q.v.*) has an immediate right of recourse against the drawer and any of the indorsors, and when the bill is dishonoured by non-payment there is a similar right against the acceptor as well as against all the other parties. In addition, a bill is further dishonoured by non-payment when presentment is excused, and the bill is overdue and unpaid.

Notice of Dishonour. But before he can avail himself of these drastic remedies, the holder must strictly comply with all the requisite rules. First of all, he must give notice of dishonour. This is the formal notice that the bill has been refused acceptance or payment. As will be pointed out later, there are various cases in which notice of dishonour is excused. But it is not to be imagined that any reliance can be placed upon the fact that the drawer or the indorser of the bill is fully aware of the fact of dishonour. In order to hold any of such persons liable, notice of dishonour must be given to each of them. The drawer or any indorser to whom notice is not given is discharged from all liability, both upon the bill and upon the consideration for it. A very slight contemplation will make the reason for this strictness apparent. The person who is a party to a bill is aware of the fact that he may be called upon at a certain time to meet the same. It is presumed that he puts aside funds in order to liquidate his liability. It would be unjust that he should be compelled to lock his money up indefinitely. The law, then, allows him to assume that if the due date of payment passes by, and if he has received no information that the bill has been dishonoured, the bill has been met in the ordinary course, and his liability is at an end.

These statements must be taken subject to Section 48 of the Act of 1882, which provides—

"(1) Where a bill is dishonoured by non-acceptance, and notice of dishonour is not given, the rights of a holder in due course, subsequent to the omission, shall not be prejudiced by the omission."

"(2) Where a bill is dishonoured by non-acceptance and due notice of dishonour is given, it shall not be necessary to give notice of a subsequent dishonour by non-payment unless the bill shall in the meantime have been accepted."

These two statements may be illustrated as follows: A bill is drawn and indorsed by several parties. The last transferee presents it for acceptance to the drawee. Acceptance is refused. The holder should at once give notice of dishonour, and as far as he is concerned the failure to do so is fatal to his rights. But if instead of giving the notice he transfers the bill to a holder in due course (*q.v.*), such holder is not prejudiced by the failure of his transferor to give the notice, but he may do so himself if, upon his presenting the bill to the drawee, it is again refused acceptance, and the parties to it are liable. In the second case a similar bill is presented for acceptance by the holder and acceptance is refused. Notice of dishonour is given to charge the parties

Before any action is brought the drawee accepts when the bill is again presented to him. Notice of dishonour by non-payment must be given if payment is refused in due course, although there had been the previous notice of dishonour for non-acceptance.

Rules as to Notice of Dishonour. The following fifteen rules are laid down by Section 49 of the Act, in accordance with which notice of dishonour must be given—

"(1) The notice must be given by or on behalf of the holder, or by or on behalf of an indorser who, at the time of giving it, is himself liable on the bill:

"(2) Notice of dishonour may be given by an agent either in his own name, or in the name of any party entitled to give notice, whether that party is his principal or not:

"(3) Where the notice is given by or on behalf of the holder, it enures for the benefit of all subsequent holders and all prior indorsers who have a right of recourse against the party to whom it is given:

"(4) Where notice is given by or on behalf of an indorser entitled to give notice as hereinbefore provided, it enures for the benefit of the holder and all indorsers subsequent to the party to whom notice is given:

"(5) The notice may be given in writing or by personal communication, and may be given in any terms which sufficiently identify the bill, and intimate that the bill has been dishonoured by non-acceptance or non-payment:

"(6) The return of a dishonoured bill to the drawer or an indorser is, in point of form, deemed a sufficient notice of dishonour:

"(7) A written notice need not be signed, and an insufficient written notice may be supplemented and validated by verbal communication. A mis-description of the bill will not vitiate the notice unless the party to whom the notice is given is, in fact, misled hereby:

"(8) Where notice of dishonour is required to be given to any person, it may be given either to the party himself, or to his agent in that behalf:

"(9) Where the drawer or the indorser is dead, and the party giving notice knows it, the notice must be given to the personal representative, if there is one, with reasonable diligence:

"(10) Where the drawer or the indorser is bankrupt, notice may be given either to the party himself or to the trustee in bankruptcy:

"(11) Where there are two or more drawers or indorsers who are not partners, notice must be given to each of them, unless one of them has authority to receive such notice for the others:

"(12) The notice must be given within a reasonable time after the bill is dishonoured. In the absence of special circumstances, notice will not be deemed to have been given within a reasonable time unless—

"(a) Where the person giving and the person to receive notice reside in the same place, the notice is given or sent off in time to reach the latter on the day after the dishonour of the bill,

"(b) Where the person giving and the person to receive notice reside in different places, the notice is sent off on the day after the dishonour of the bill, if there is a post at a convenient hour on that day, and if there is no such

post on that day, then by the next post thereafter,

"(13) Where a bill, when dishonoured, is in the hands of an agent, he may either himself give notice to the parties liable on the bill, or he may give notice to his principal. If he gives notice to his principal, he must do so within the same time as if he were the holder, and the principal upon receipt of such notice has himself the same time for giving notice as if the agent had been an independent holder:

"(14) Where a party to a bill receives due notice of dishonour, he has, after the receipt of such notice the same period of time for giving notice to antecedent parties that the holder has after the dishonour:

"(15) Where a notice of dishonour is duly addressed and posted, the sender is deemed to have given due notice of dishonour, notwithstanding any miscarriage by the Post Office."

These rules, as laid down by the Act, may be made clearer by the following observations: It is a matter of importance to make as many persons as possible liable when a bill is dishonoured. The holder must select the persons to whom he wishes to give notice of dishonour. If he gives the notice to his transferor, the transferor is liable to him, though the transferor can, in turn, give notice to any previous party. But if the holder applies direct to the drawer, the notice of dishonour is good as though given by any of the prior indorsers. So also if an indorser gives notice, his notice not only serves as a notice by the holder, but is also for the benefit of all indorsers prior to himself and subsequent to the party to whom the notice is given. No special form of notice of dishonour is given in the Act, and so long as sufficient particulars are set out in the notice, it is improbable that any exception would be taken to the same on the ground of irregularity, provided it was not likely to mislead the recipient. The following example will suffice—

115, North Street, Sheffield,
March 1st, 19

Take notice that a bill of exchange for £200 drawn by you (or indorsed by you) upon A B, dated . . . and payable at . . . (adding, if addressed to indorser, and which bears your indorsement) has been dishonoured by non-acceptance (or non-payment), and that you are held responsible therefor

Charles Dickinson.

In the case of a foreign bill (*q.v.*), the words "and protested" must be added, if the bill has been noted and protested. The great point to be aimed at is the identification of the bill, together with any words which make it clear that acceptance or payment has not been obtained. The return of a dishonoured bill as notice of dishonour, but no sensible person would ever think of parting with the best evidence of his claim. As in most cases connected with bills of exchange, whatever is to be done by any party may be effected by his duly authorised agent.

Time for Giving Notice. The rules as to time for giving notice are of the utmost importance, and it is very difficult to get over any delay or mistake in this respect.

By Section 50 (s.s. 1) of the Act—

"Delay in giving notice of dishonour is excused where the delay is caused by circumstances beyond the control of the party giving notice, and not imputable to his default, misconduct, or

negligence When the cause of delay ceases to operate, the notice must be given with reasonable diligence "

This provision is made so that any person who receives notice of dishonour may have the same time allowed as any other prior person giving notice in which he himself may notify any other party to the bill in order to render him liable When there are many indorsers the time consumed would be very considerable unless stringent restrictions were placed upon the giving of notice Therefore, if a holder delays to give notice of dishonour within the proper time, he discharges a previous indorser, and the original notice being invalid, no subsequent notice can be good

Remote Parties. In dealing with bills of exchange, there is a difference between immediate parties and remote parties. By immediate parties, those persons are indicated who are more immediately in contact with each other Such are the drawer and the acceptor, an indorser and the next indorsee All other parties are called remote An illustration may serve to show how remote parties must be dealt with in order to render them liable on a bill Suppose a bill is drawn and afterwards negotiated, and the names of several indorsers appear on the document The bill is dishonoured when presented by the holder, either by non-acceptance or by non-payment The holder must give notice of dishonour to any person or persons whom he wishes to charge. If he knows the address of the drawer and of some, but not all, of the indorsers, he should send notice to each of those that he knows Then each indorser has the same time, after receiving notice, which the holder had after dishonour, in which to give notice to any indorser he wishes to charge If the notice is given in due time, each party is liable, and the holder, upon proving that notice has been duly given, can sue any of the parties But if there is any delay on the part of any of the parties in giving notice, the party who does not receive notice is exonerated from his liability, and so are all previous indorsers, since they, in turn, cannot receive the notice in due time The holder, therefore, cannot sue any party except those to whom the proper notice has been given

Notice by Post. As the post is generally made use of for the purpose of serving notices, it is essential that there should always be complete evidence forthcoming, if necessary, that the notice was duly posted A copy of the notice should be preserved, and the person who actually posted the letter should be called as a witness It must also be proved that the letter was not returned through the Dead Letter Office

Notice of Dishonour Dispensed With. The importance of giving notice of dishonour cannot be over-estimated, and it is advisable where a bill is dishonoured that notice should be given in every case, although it is provided by the Act that in some instances it may be dispensed with These instances are as follows—

"(a) When, after the exercise of reasonable diligence, notice cannot be given to or does not reach the drawer or indorser sought to be charged,

"(b) By waiver express or implied Notice of dishonour may be waived before the time of giving notice has arrived, or after the omission to give due notice,

"(c) As regards the drawer in the following cases viz—

"(1) Where the drawer and the drawee are the same person.

"(2) Where the drawer is a fictitious person or a person not having capacity to contract

"(3) Where the drawer is the person to whom the bill is presented for payment

"(4) Where the drawee or acceptor is as between himself and the drawer under no obligation to accept or pay the bill

"(5) Where the drawer has countermanded payment

"(d) As regards an indorser in the following cases, viz—

"(1) Where the drawee is a fictitious person or a person not having capacity to contract, and the indorser was aware of the fact at the time he indorsed the bill

"(2) Where the indorser is the person to whom the bill is presented for payment.

"(3) Where the bill was accepted or made for his accommodation."

It is quite clear that in law the acceptor of a bill is not entitled to any notice of dishonour when the bill is dishonoured by non-payment The same rule applies to a person who has guaranteed payment by the acceptor. As to waiver of notice, when this is given in favour of a holder by the drawer, it applies also to all parties prior to the holder as well as to any subsequent holders But if the waiver is given by an indorser, this only affects the indorser and the parties subsequent to him, as far as the indorser is concerned Notice of dishonour must be given in due course to all prior indorsers The party who waives notice of dishonour must be fully acquainted with all the circumstances of the case in order to make the waiver of any value

In addition to giving notice of dishonour, the holder of a dishonoured inland bill may, if he thinks fit, cause the bill to be noted and protested. (See **NOTING, PROTESTING A BILL**)

DISMISSAL OF EMPLOYEES.—In engaging staff written contracts should, when possible, be entered into In the absence of an agreement, clerks and servants of a similar kind are usually entitled to three months' notice only, and, in case of servants of a lower grade, the notice required is generally determined by the payment of the wages For example, if there is a weekly payment, a week's notice is usually sufficient; if monthly, a month's notice An employer may dismiss a servant without notice if (a) he is seriously incompetent to perform his duties, (b) he wilfully disobeys his master's reasonable and lawful orders, (c) he is guilty of gross moral misconduct, whether pecuniary or otherwise, or (d) he is so negligent in the performance of his duties as to expose his master's business to serious injury. A servant dismissed on one of these grounds loses any wages accrued since the previous pay day

With regard to dismissal of servants on the winding up of a limited company, see **WINDING UP**.

DISPATCH MONEY.—This is a chartering term which is used to denote an allowance of so much per day or so much per hour, sometimes granted by the owners of a vessel to the charterer when the latter has loaded or unloaded a vessel before the stipulated lay days (*qv*) are finished

DISPATCH NOTE.—This is a printed document which has to be filled up in writing and forwarded with a parcel sent by post to a foreign country when a non-adhesive customs declaration is used. Space on the note is provided for name and address

of sender and addressee, number of parcels, postage, etc., while on the back the sender may give instructions as to the disposal of the parcel should it be impossible to deliver it.

DISPATCH OF GOODS.—The increasing attention now devoted to transport reacts to the benefit of trade but complicates very considerably the task of dispatching goods. Gone, for most people, are the days when parcels, packed without much regard for safety, were merely handed over in a friendly way to the carrier with a casual injunction to deliver them to "Cousin Bill" at the market. Instead, the vastly increased volume of trade, speed of transit, and variety of methods of dispatch have meant also a great increase in the technicalities and legal points to be remembered by the consignor of goods. This tightening up of the rules and conditions of transit—brought about in part, be it admitted, by the carelessness or rapacity of traders against whom transport interests have had to protect themselves—is truly making of transport a science worthy of technical study.

The industrial traffic manager is responsible, through suitable deputies, for all the dispatch work of a factory. As far as possible he will centralise things so that economies can be secured by bulking, nominated loading, and similar devices designed to reduce his transport costs, give speedier and more reliable deliveries, and simplify his document work. On account of the many legal and technical points (e.g., railway companies' packing and addressing regulations, C R and O R rates, etc.), the employees engaged on dispatch work should be changed as infrequently as possible. When the tonnage moving either into or out of a factory is appreciable, and a railway line passes near the site, steps are usually taken to connect the factory with the railway by installing a private siding. Goods can then be loaded straight into wagons, which are picked up by the railway company's locos at fixed times each day. Other possibilities, e.g., road transport, conveyance by canal (even if goods are conveyed to the canal boat by lorry), aerial transport, conveyance of goods by passenger train, coastwise steamer, etc., must not be overlooked if dispatch would be carried out with real efficiency. The live man is not wedded to any one method of transport—even though he may be familiar with its rules and methods—but is prepared to consider and use all, co-ordinating them to his own ends.

Full details respecting the dispatch of goods by rail, road, canal, sea, air, and parcel post will be found under the appropriate headings.

DISQUALIFICATIONS OF BANKRUPT.—Bankruptcy subjects a man to very serious disabilities. While he is bankrupt no man can sit or vote in the House of Lords or any committee thereof, nor can he be elected as a peer of Scotland or of Ireland to sit and vote in the House of Lords. Nor can a bankrupt be elected to or sit in the House of Commons, or any committee thereof. He is also disqualified from being elected or appointed or acting as a justice of the peace, mayor, alderman, or councillor, or from taking any official part in the local government of the country. Disqualification lasts for a period of five years from the date of the discharge. An undischarged bankrupt cannot be a member or chairman of a parish council, rural district council, or board of guardians, if he has within five years before his election, or since his election, been adjudged bankrupt or compounded with his creditors.

Disqualifications cease if and when adjudication of bankruptcy is annulled, or if a certificate is granted with the discharge to the effect that the bankruptcy was caused by the bankrupt's misfortune without any misconduct on his part.

If a member of the House of Commons is adjudged bankrupt, and the disqualifications arising therefrom under the Act are not removed within six months from the date of the order, the court shall, immediately after the expiration of that time, certify the same to the Speaker, and thereupon the seat of the member becomes vacant. If a person is adjudged bankrupt whilst holding the office of mayor, alderman, councillor, etc., his office is immediately vacated.

The disqualifications of a bankrupt as above stated are those imposed by the Bankruptcy Acts of 1883 and 1890, and the Local Government Act, 1894. These were in no way affected or altered by the Bankruptcy Act, 1914.

DISSECTION.—This is a term which is met with in accounts, especially in those accounts dealing with departmental trade, and it signifies the separation of the accounts of sales and purchases, so as to show the workings of the various departments of the house.

DISSEISE.—To deprive a freeholder of his seisin or possession of an estate.

DISSEISIN.—The deprivation of a person of the seisin or possession of an estate of freehold.

DISSOLUTION OF PARTNERSHIP.—This phrase signifies the termination of a partnership, or the breaking up of a firm, caused by the voluntary retirement of one or more of the partners, or by the operation of law (See PARTNERS (PARTNERSHIP)).

DISTILLATION.—The process by which a substance may, by the action of heat, be either converted into a vapour which condenses on cooling, or is decomposed into volatile compounds. This process in one form or another has almost universal industrial application. In ordinary distillation, the material is placed in some form of retort or still, and the condensed liquid or distillate is collected in a receiver. In some cases, as in the treatment of fatty acids in soap manufacture, distillation is carried out *in vacuo* or in the presence of superheated steam. In fractional distillation as in distilling coal tar, products such as benzol, toluol, creosote oil, etc., pass over into the receiver at their respective boiling points. This method is also adopted in preparing many synthetic compounds, essential oils, and perfumes. Dry or destructive distillation is a process which is becoming more and more important in relation to the production of fuel oil and the many valuable by-products of coal, wood, and shale. The material is heated in the absence of air at a temperature sufficient to decompose it into volatile bodies, in this way wood spirits, acetic acid and wood tar are distilled from wood, and coal gas, gas liquor, and coal tar are produced from coal.

DISTILLERS.—The Spirits Act, 1880, consolidated and amended the law relative to the sale of spirits. No person may distil, rectify, or compound spirits, without a licence. The penalty for disobedience is £500, and the forfeit of all vessels and materials. Every person is deemed to be a distiller who makes or keeps wash prepared or fit for distillation. The distiller in England must not keep more than two wash stills and two low wine stills on his premises at the same time, or one still of a

capacity of less than 3,000 gallons. A distiller may keep a still of a capacity of 400 gallons and upwards upon obtaining a licence signed by three justices. The distillery must be situated within a quarter of a mile of a market town, but the Commissioners of Inland Revenue may grant a licence for a distillery beyond that limit. Lodgings must be provided for the officers of excise who are placed in charge of the distillery. A distillery must not be within a quarter of a mile of the premises of a rectifier; nor must a distillery be connected with a brewery.

Every distiller must keep a spirit store, which has to be locked by the officer in charge of the distillery. Heavy penalties are inflicted if the proper number of vessels is not kept, or is exceeded. Every still must have an opening to enable an officer to take gauges and samples. Every pipe used in the distillery must be so fixed that it may be inspected for the whole of its length. Before a distiller begins to distil spirits, he must make a correct list of every vessel he uses and where each is kept, that list must be delivered to the proper officer of excise. No materials must be used in distillation except such as the Act prescribes, and the quality and strength of the materials must be tested by a saccharometer. The distiller cannot remove sugar from the store for the manufacture of spirits until he informs the excise officer. The hours for brewing and distilling spirits are all fixed by the Act. When a brew is about to be made, the excise officer must be informed. The whole of the process of distillation must go on with the knowledge of the excise officer from the beginning to the end of each brew.

When the spirit has been made, it must be put into casks in the presence of the excise officer. Spirits must not be removed from the store in any quantity less than nine gallons. The excise officer must keep account of the stock in store at all times. It is also the business of the excise officer to make out a return of the duty payable by the distiller upon all the spirit he makes, and to receive payment therefor. Spirits may be bottled by the distiller only after he has given notice to the excise officer. Sweetening, colouring, or fortifying is permitted under statutory regulations. No spirits may be sent out from a distiller's stores, or from an excise warehouse, without an excise permit. The minimum quantity permitted to be taken out is nine gallons in a cask, five dozen quart bottles, or ten dozen pints. Methylated spirits are exempt from duty, and may be manufactured only from plain spirit of at least 50 per cent above proof, and from rum of at least 20 per cent above proof.

The duty to be paid on spirits is to be the amount actually chargeable at the date of the actual removal of the spirits from the store or warehouse (See EXCISE.)

DISTRAIN.—(See DISTRESS.)

DISTRINOR.—The person who carries out a distraint.

DISTRESS.—This is the name given to the summary method of procedure by which a landlord may, without the intervention of any court of law, recover the rent which is due to him in respect of lands and tenements which he has demised to a tenant. There is no doubt that this remedy does place an enormous power in the hands of a landlord, and for that reason various statutes have been passed by which the right of distress (or distraint, as it is sometimes called) has been stringently

regulated. Any illegality or irregularity in the exercise of this remedy may render the distrainer liable to heavy damages.

There is no right of distress unless the relationship of landlord and tenant exists between the distrainer and the holder of the premises. If no such relationship exists, as where a person has gone into possession without any agreement as to paying rent or otherwise, there is no right to distrain, and the landlord must get rid of the holder by an action at law, suing him as a trespasser. The landlord may probably be awarded damages against the trespasser, but he has no other remedy, unless he is able to eject him peaceably. Where it is established that the relationship of landlord and tenant does actually exist, there must be some ascertained rent actually due at the time when the distress is levied. It is commonly agreed between the parties that rent shall be payable upon a certain day. The law takes no notice of part of a day, and, consequently, if the day of payment is fixed, the tenant has the whole of that day in which to pay, in fact, the default does not arise until the day following. Thus, if rent is payable on March 25th, the landlord cannot distrain in default of payment, before the 26th. If the rent is payable by the tenant in advance, the right of distress arises as soon as the day of payment has passed. Again, as a distress, strictly so-called, can take place only upon the premises demised, it is generally stipulated in long leases that the last payment of rent shall be made some days before the termination of the lease, so that the landlord may retain his right up to the end of the term.

No distress can be levied if the amount of the rent due is tendered before the goods of the tenant are actually seized. The tender, however, must be a legal one, i. e., it must be made in the manner in which the law allows a tender to be made (See LEGAL TENDER.) Moreover, the exact amount must be tendered, and no condition must be attached to the tender. Also, if the goods of a tenant have been actually seized and impounded, relief may be obtained at once by tendering the full amount of the rent due, together with the whole of the costs which have been incurred. A landlord who refuses to accept payment in either of the above cases is liable to an action at law, but the right of distress is not lost by the landlord's accepting a collateral security (*q. v.*) for his rent.

A distress may be levied, after rent has become due and remains unpaid, at any time between sunrise and sunset, but no distress may be levied upon a Sunday, Christmas Day, Good Friday, or any day appointed for a public thanksgiving. It may be made at any time within six months after the tenancy has expired, if the tenant is still remaining in possession. The rule as to the time for levying a distress is of great antiquity, its reason being probably to prevent people from being turned out of doors during the night.

The landlord is the proper person to distrain, but this includes not only the actual legal owner of the premises who let them to the tenant, but any person who has such property in them as to entitle him to possession on the termination of the tenancy. Thus, a tenant who sublets can distrain, and so can a mortgagee. An executor or an administrator has a right of distraint in respect of the premises let by the deceased person whom he represents, but a person who is merely authorised to receive rent has no right to distrain on his own

account. It is a very rare thing for a landlord to distrain personally. The usual practice is to employ a bailiff or an agent appointed by him for that purpose. No person, however, may act as bailiff unless he possesses a certificate granted by a county court judge. (See BAILIFF.) The bailiff should always be armed with some document in writing signed by the landlord, and he must also produce his certificate as a bailiff if it is demanded by any tenant upon whose goods he is levying a distress.

As above stated, it is the general rule that a distress cannot be levied elsewhere than upon the premises demised to the tenant, and in some cases during the time the tenancy lasts. Thus, if a notice to quit is given and a tenant holds over, there is no right to distrain for rent which is in arrear at the termination of the tenancy. This is the law as far as tenancies for less than a year are concerned; but if the tenancy is for years, the right of distraint may be exercised during the six months following the termination of the tenancy, by reason of a statute passed in the reign of Anne. This is a reason why it is so often provided that the last instalment of rent shall be paid some time before the termination of the tenancy.

There is, however, one important exception to this rule as to a levy being made upon the demised premises. It refers to clandestine removals, where a tenant secretly and fraudulently removes his goods so as to avoid a distress being made. It is, therefore, provided that if the rent is in arrear (and this proviso is all important) and the tenant fraudulently and clandestinely removes his goods from the demised premises for the purpose of preventing a distress, the landlord may follow and take them from the place to which they have been removed within thirty days after such removal. If, however, a sale of the goods has taken place in the meantime to a *bona fide* purchaser, the landlord's right is ousted and the goods cannot be seized by him, but even in such a case, the tenant must still have an interest in the premises which he has quitted at the time when the seizure is made, otherwise the landlord will be too late. Thus, in one case, a tenant removed his goods on the last day but one of his tenancy, and it was held that, although the goods were removed fraudulently and clandestinely, the landlord could not follow and seize them after the tenancy had come to an end. If the tenancy has actually terminated when the tenant removes his goods, the landlord cannot follow them at all. The right of distress has gone, and the only remedy is to sue for the rent due by an action at law. In order to avoid difficulties, it is always advisable for the landlord to obtain an authority from a local justice of the peace or from a police magistrate to follow goods. Although, as will be pointed out later on, the right of distress extends, with certain exceptions and under certain conditions, to all goods which are upon the demised premises at the time of the levy, the goods of a lodger or a stranger can never be followed and taken in the same manner as the goods of a tenant. Again, if an entry is made upon premises where there is no right to take the goods in any event, the landlord will render himself liable to an action for trespass. In the metropolitan police district, which includes an area within 15 miles of Charing Cross, exclusive of the City of London, a constable may stop and detain all carts and carriages employed in removing goods or furniture from a dwelling-house between

8 p.m. and 6 a.m., if there is any suspicion that a fraudulent and clandestine removal is taking place.

A landlord cannot distrain for more than six years' arrears of rent, unless the tenant has within that time given a written acknowledgment of previous rent being due. If the holding is an agricultural one, only one year's rent can be distrained for, subject to an extension if it has been customary to defer payment for three or six months. In the case of a bankrupt tenant, a landlord may distrain after the commencement of the bankruptcy, but his claim is available only for six months' rent accrued due prior to the adjudication. If he distrains within three months of the receiving order being made, he must pay any preferential creditors out of the proceeds of the distraint, and become a preferential creditor himself as to any loss he may sustain. For whatever balance of rent remains due after a distraint for the six months' rent, the landlord must prove in the bankruptcy proceedings against the tenant as an ordinary creditor. A distraint against the estate and effects of a company which is being wound up, otherwise than voluntarily, is void except by leave of the court.

In levying a distress the outer door of the premises cannot be broken open, but if the outer door is open, the person distraining may break any of the inner doors, or locks, if necessary, to reach the goods that are distrainable. If a window is open, an entrance may be effected through it, and the window itself may be opened further. The breaking or removal of a pane of glass to undo a fastening constitutes the distrainer a trespasser. A fence may be climbed over to get through an open door. A landlord or his agent may not force the padlock of a barn or the outer door of a granary or stable for the purpose of distraining for rent, and he must not break open gates or knock down fences to effect his purpose, but he is justified in opening doors and locks by turning the key, lifting the latch, drawing the bolt, or using any of the usual methods adopted for gaining access. In every case where the distrainer can enter without committing a trespass or using force, he is justified in his action. The forcible expulsion of a person lawfully distraining from the premises which he has entered will deprive the tenant of his immunity from having his outer door broken open in order to regain admittance. The distrainer must call a constable to see that no breach of the peace is committed.

It is the general rule that all personal chattels found on the premises, in respect of which the distraint is made, can be seized for the rent due. It is immaterial who is the owner; but this is subject to the Law of Distress Amendment Act, 1908, which came into force in 1909, and is noticed later. And herein lies the great difference between a distraint and an execution (*qv*). In the latter case, nothing can be seized which is not the property of the judgment debtor.

There are, however, many exceptions to this general rule, some goods being absolutely privileged from seizure, whilst others are conditionally protected. Those which are absolutely privileged cannot be taken under any circumstances, and include—

- (1) Things in actual use. The seizure of these might lead to a breach of the peace.
- (2) Fixtures which, if they were removed, could not be restored to their original condition.

(3) Goods delivered to a person in the way of his trade

(4) Perishable goods.

(5) Animals *fera natura*, that is, of a wild nature. But dogs, deer in a park, birds in cages, etc., are distrainable

(6) Goods in the custody of the law, as, for instance, where a sheriff has taken possession under a writ of execution

(7) The goods of an ambassador

(8) Various goods, such as those of lodgers and strangers, under the provisions of the Law of Distress Amendment Act, 1908

(9) Wearing apparel, bedding, etc., to the value of £5, unless the tenant is holding over, and has refused for seven days to give up possession.

(10) Gas and electric light meters belonging to a gas company or an electric light company incorporated by Act of Parliament

Things which are conditionally privileged can be taken only if the other goods on the premises are insufficient to satisfy the claim of the landlord. Such things are—

(1) Tools of trade

(2) Beasts of the plough and sheep. Colts, steers, and heifers are not exempt from seizure, nor are beasts of the plough if the only other subject of distress is growing crops. Beasts of the plough can always be taken for non-payment of poor rates, whether there are other things on the premises or not

When, in the course of making a distress, an entry and a seizure have been effected, the first duty of the distrainor or the bailiff is to make an inventory (*q.v.*) or list of the goods which have been seized, and which are considered to be sufficient upon a sale to pay the amount of the rent due. At the foot of the inventory a notice must be added to the effect that if the tenant or the owner does not, within five days after the levying of the distress, replevy the same, *i.e.*, redeem them, they will be appraised and sold to pay the arrears of rent owing by the tenant. The inventory and notice must be served upon the tenant personally, or left at the house, or other most conspicuous place on the premises charged with the rent for which the distress is made. Unless the inventory and the notice are duly served, the seizure is invalid, and any subsequent sale of the goods will be illegal. The landlord or his bailiff is entitled to remove the goods, and to deposit them in a safe place for custody, but it is the usual practice to leave some person in possession to prevent a removal. The tenant, as has been pointed out already, has a right to replevy the goods seized up to the time of their sale, upon payment of the rent due and all costs incurred. The landlord cannot sell until after the expiration of five complete days after the seizure, and this period of five days may be extended to fifteen days if the tenant makes a request in writing to that effect to the landlord or the bailiff, and gives security for the extra expenses which will be incurred. There is no obligation laid upon the landlord to have the goods sold by auction, unless the tenant makes a written demand for this to be done, and the same rule applies to appraisement (*q.v.*). In a technical sense replevin is really a redelivery of goods which have been distrained upon to the tenant or the owner, security being given that an action will be prosecuted against the distrainor for any alleged illegality or irregularity in the levying of the distress. Proceedings must be

taken in the county court, and may be commenced any time after the distress has been levied before the goods are removed for sale. The registrar of the court will fix the amount of the security that must be given, and this may be by way either of a deposit of money or of a bond with sureties. As soon as the security is completed the registrar issues a warrant to the high bailiff of the county court directing him to deliver the goods to the tenant or the owner. The action comes on in its ordinary course, the point at issue being the legality or regularity of the distress, and the landlord being the defendant

A landlord who distrains must take care to seize enough to cover his rent, if there are sufficient goods upon the premises to satisfy his claim. If he fails to do so, he cannot distrain a second time. And he must not abandon a distress when once made, otherwise he will lose his right, but there is nothing to prevent a repetition of a distress if it is impossible to satisfy the proper legal demand on the first occasion. Moreover, a landlord is not precluded, after having levied a distress and having failed to obtain complete satisfaction, from pursuing his remedy by action for any balance due to him, if he thinks it worth his while to do so. When an action at law is commenced in respect of rent, the landlord is not confined to six years' arrears as he is in the case of distress

When goods are taken in distress, they are said to be *in custodia legis*—in the custody of the law. It is, therefore, illegal for any person to interfere with them and to attempt to remove them, or to take them out of the possession of the distrainor. The removal or attempted removal is known as "pound breach."

As to the fees which are chargeable in distress, see **BAILIFF**.

The first inroad into the general principle that a distress is leviable upon all goods found on the demised premises, irrespective of the fact as to who is the true owner of them, was made by the Lodgers' Goods Protection Act, 1871, which enabled a lodger to claim his personal goods upon complying with certain conditions. This Act was repealed by the Law of Distress Amendment Act, 1908, but its provisions were retained in effect, and a qualified protection extended to lodgers and to certain persons other than lodgers, namely, (a) any under-tenant liable to pay by equal instalments not less often than every actual or customary quarter of a year a rent which would return in any whole year the full annual value of the premises or of such part thereof as is comprised in the under-tenancy, and (b) any other person whatsoever not being a tenant of the premises or any part thereof, and not having any beneficial interest in any tenancy of the premises or of any part thereof. When, therefore, a distress is levied by the superior landlord or the bailiff, the lodger, under-tenant, or other person, as above, must serve a declaration on such superior landlord or bailiff, in writing and signed by him stating that the intermediate landlord, that is, the tenant of the house, has no right of property or beneficial interest in the furniture, goods, or chattels so distrained upon, and that such furniture, etc., is the property of and in the lawful possession of the lodger, under-tenant, or other person. The declaration must also set out the rent, if any, which is due to the intermediate landlord, and the period for which it is due. To this declaration an inventory must be attached setting out the

furniture, etc., referred to. The following is a form of declaration which is commonly used in the case of a lodger—

To Mr A B (landlord) of . . . , to his bailiff, and to all others whom it may concern

I, C D, of —, do hereby declare that I am a lodger, occupying the following rooms (stating them) at . . . , and that your immediate tenant, E F, my landlord, has no right of property or beneficial interest in the furniture and goods distrained (or threatened to be distrained) for rent alleged to be due to A B, and of which an inventory is annexed. Such furniture and goods are my property.

And I also declare that I owe to the said E. F. on account of rent for the said lodging, from . . . to . . . the sum of £ . . . and no more (or, I have paid to the said E. F. all rent and arrears of rent in respect of the said lodgings).

The inventory is as follows—

(All goods to be set out specifically)

(Signature of lodger)

Dated this . . . day of . . . , 19 . . .

A form of a similar character, with the modifications necessary for the particular case, will serve the purpose of the under-tenant or other person. The offence of making a false declaration or inventory is a misdemeanour if it is untrue to the knowledge of the deponent in any particular. The signature should be at the foot of the inventory, but it has been held to be sufficient for the purpose of the Lodger's Goods Protection Act that the signature was at the end of the declaration provided the inventory was contained in the same paper.

It is always advisable to have the notice in the above form, or as near thereto as possible, and no material fact connected with the matter should be omitted. When the declaration and the inventory have been served upon the landlord or the bailiff, and payment has been made of any rent due and an undertaking given to pay future instalments of rent as they shall become due, until the amount of the distress is discharged, the landlord or the bailiff must go out of possession. If the distress is then persisted in, the landlord and the bailiff will both be liable to an action for illegal distress, and damages may be recovered from both of them. Also the lodger, under-tenant, or other person aggrieved may apply to a justice of the peace or to a police magistrate for an order for restitution of the goods if the landlord or the bailiff refuses to restore them, when the truth of the declaration and the inventory will be inquired into, and such order made as may appear just. This statutory protection does not apply to goods belonging to the husband or the wife of the tenant whose rent is in arrear, nor to goods comprised in any bill of sale, hire purchase agreement, or settlement made by such tenant, nor to goods in the possession, order, or disposition of such tenant by the consent and permission of the true owner under such circumstances that such tenant is the reputed owner thereof, nor to any live stock to which Section 29 of the Agricultural Holdings Act, 1908, applies. There are other exceptions, but they need no notice here. Moreover, the protection does not extend to the goods of an under-tenant where the under-tenancy has been created in breach of any covenant or agreement in writing between the landlord and his immediate tenant. If the lodger or under-tenant

is compelled to pay any rent as above, or to give an undertaking as to future instalments of rent, he is entitled to deduct the amount thereof from any rent which he would otherwise have been compelled to pay to his immediate landlord. There is no specified time within which the declaration and the inventory must be served. But as the superior landlord's right of sale is at the end of five days from the seizure of the goods, the right against the distrainer will be lost unless proceedings are taken within that period, though there may remain other rights, as far as the lodger or the under-tenant is concerned, against the immediate landlord. It seems that the whole process, as above described, must be repeated on every occasion if more than one distress is levied.

The term "lodger" has been frequently used in the latter portion of this article, and it is necessary to define its exact position. A person is a lodger who has a defined portion of a house, which is in the occupancy of another person, assigned to him in consideration of a certain rent. All the incidents of landlord and tenant are then in existence between the tenant of the house and the lodger, and the tenant must take the same proceedings against his lodger to eject him, if it becomes necessary to do so, as a landlord must take against his own tenant. It is almost unnecessary to add that a tenant can distrain upon his lodger's goods in the same manner as a landlord can distrain upon the goods of his tenant.

DISTRIBUTION OF SURPLUS.—(See LIFE ASSURANCE)

DISTRIBUTION, STATUTES OF.—Although by the Administration of Estates Act, 1925, the various Statutes of Distribution have been abolished, it is convenient to deal with the matter of intestate succession under this head. The manner in which real estate and personal estate will devolve on the death of an owner intestate has been radically changed by recent legislation. The idea of real property passing to the heir-at-law has disappeared, the rights of the eldest son have been subordinated and are not now greater than those of his brothers and sisters. The widow's right has been amplified and a widow's has been brought into line. Realty and personality are now undistinguishable in so far as devolution on intestacy is concerned. The law has not changed the manner of distribution under an operative will, but where there is no will or where the will fails to operate in respect of any portion of a deceased's property, the statute will be applied.

The Administration of Estates Act, 1925, repeals the existing Statutes of Distribution and substitutes an entirely new code of law which has the following effect. The personal representative will take and hold all real and personal estate with the exception of the personal chattels of the deceased. He will hold on trust for sale, and he will have power to postpone such sale without being accountable for any loss due to postponement. He will be called upon to distribute the property or the proceeds of the sale of the property in the following manner—

(1) He must first pay funeral and testamentary expenses and debts due from the estate.

(2) If the deceased leaves a widow or widower, as the case may be, personal chattels, that is, furniture, household goods, animals, vehicles, and any other chattels except those used for business purposes and except money and securities, will pass to such widow or widower, as the case may be.

(3) In addition to the right to personal chattels

the surviving husband or wife is entitled to a sum of £1,000 absolutely, and the personal representative is entitled to raise the sum of £1,000 for the purpose of discharging this liability

(4) If the deceased leaves children or other issue the surviving husband or wife is entitled to the income of half the residue, but if there are no children or other issue the husband or wife is entitled to the whole of the income

(5) Subject to the rights of the husband or wife of the deceased, the property of the intestate is then held on what are known as "statutory trusts," which are set out in full in Section 47 of the Act

If the intestate leaves no issue but both parents, then, subject to the interests of a surviving husband or wife, the residuary estate of the intestate shall be held in trust for the father and mother in equal shares absolutely,

If the intestate leaves no issue but one parent, then, subject to the interests of a surviving husband or wife, the residuary estate of the intestate shall be held in trust for the surviving father or mother absolutely,

If the intestate leaves no issue or parent, then, subject to the interests of a surviving husband or wife, the residuary estate of the intestate shall be held in trust for the following persons living at the death of the intestate, and in the following order and manner, namely—

First, on the statutory trusts for the brothers and sisters of the whole blood of the intestate, but if no person takes an absolutely vested interest under such trusts, then

Secondly, on the statutory trusts for the brothers and sisters of the half blood of the intestate, but if no person takes an absolutely vested interest under such trusts; then

Thirdly, for the grandparents of the intestate and, if more than one survive the intestate, in equal shares, but if there is no member of this class, then

Fourthly, on the statutory trusts for the uncles and aunts of the intestate (being brothers or sisters of the whole blood of a parent of the intestate), but if no person takes an absolutely vested interest under such trusts, then

Fifthly, on the statutory trusts for the uncles and aunts of the intestate (being brothers or sisters of the half blood of a parent of the intestate), but if no person takes an absolutely vested interest under such trusts, then

Sixthly, for the surviving husband or wife of the intestate absolutely

In default of any person taking an absolute interest under the foregoing provisions, the residuary estate of the intestate shall belong to the Crown, or to the Duchy of Lancaster, or to the Duke of Cornwall for the time being, as the case may be, as *bona vacantia*, and in lieu of any right to escheat.

The Crown or the said Duchy or the said Duke may (without prejudice to the powers reserved by Section 9 of the Civil List Act, 1910, or any other powers), out of the whole or any part of the property devolving on them respectively, provide, in accordance with the existing practice, for dependants, whether kindred or not, of the intestate, and other persons for whom the intestate might reasonably have been expected to make provision

A husband and wife shall for all purposes of distribution or division under the foregoing provisions of this section be treated as two persons

The statutory trusts mentioned above are con-

tained in the following section which is set out in full

"47—(1) Where under this Part of this Act the residuary estate of an intestate, or any part thereof, is directed to be held on the statutory trusts for the issue of the intestate, the same shall be held upon the following trusts, namely—

"(a) In trust, in equal shares if more than one, for all or any of the children or child of the intestate, living at the death of the intestate, who attain the age of twenty-one years or marry under that age, and for all or any of the issue living at the death of the intestate who attain the age of twenty-one years or marry under that age of any child of the intestate who predeceases the intestate, such issue to take through all degrees, according to their stocks, in equal shares if more than one, the share which their parent would have taken if living at the death of the intestate and so that no issue shall take whose parent is living at the death of the intestate and so capable of taking;

"(u) The statutory power of advancement, and the statutory provisions which relate to maintenance and accumulation of surplus income, shall apply, but when an infant marries such infant shall be entitled to give valid receipts for the income of the infant's share or interest,

"(iu) Where the property held on the statutory trusts for issue is divisible into shares, then any money or property which, by way of advancement or on the marriage of a child of the intestate, has been paid to such child by the intestate or settled by the intestate for the benefit of such child (including any life or less interest and including property covenanted to be paid or settled) shall, subject to any contrary intention expressed or appearing from the circumstances of the case, be taken as being so paid or settled in or towards satisfaction of the share of such child or the share which such child would have taken if living at the death of the intestate, and shall be brought into account, at a valuation (the value to be reckoned as at the death of the intestate), in accordance with the requirements of the personal representatives,

"(iv) The personal representatives may permit any infant contingently interested to have the use and enjoyment of any personal chattels in such manner and subject to such conditions (if any) as the personal representatives may consider reasonable, and without being liable to account for any consequential loss

"(2) If the trusts in favour of the issue of the intestate fail by reason of no child or other issue attaining an absolutely vested interest—

"(a) The residuary estate of the intestate and the income thereof and all statutory accumulations, if any, of the income thereof, or so much thereof as may not have been paid or applied under any power affecting the same, shall go, devolve and be held under the provisions of this Part of this Act as if the intestate had died without leaving issue living at the death of the intestate,

"(b) References in this Part of this Act to the intestate 'leaving no issue' shall be construed as 'leaving no issue who attain an absolutely vested interest'.

"(c) References in this Part of this Act to the intestate 'leaving issue' or 'leaving a child or other issue' shall be construed as 'leaving issue who attain an absolutely vested interest'."

"(3) Where under this Part of this Act the residuary estate of an intestate or any part thereof is directed to be held on the statutory trusts for any class of relatives of the intestate, other than issue of the intestate, the same shall be held on trusts corresponding to the statutory trusts for the issue of the intestate (other than the provision for bringing any money or property into account) as if such trusts (other than as aforesaid) were repeated with the substitution of references to the members or member of that class for references to the children or child of the intestate."

DISTRICT COUNCIL.—(See RURAL DISTRICT COUNCIL, URBAN DISTRICT COUNCIL.)

DISTRICT COUNCILS' MEETINGS.—Urban district councils and rural district councils were constituted by the Local Government Act, 1894, but the Public Health Act, 1875, still in some respects applies to them.

An annual meeting must be held by district councils, and business meetings once a month at least. The Public Health Act, 1875, requires every district council from time to time to make regulations with respect to the summoning, notice, place, management, and adjournment of their meetings, and generally with respect to the transaction and management of their business. No meeting may be held on premises licensed for the sale of intoxicating liquor, unless no other room is available either free of charge or at a reasonable cost. The 1894 Act provides that any rural district council may use for their meetings and proceedings the offices of the board of guardians for the union comprising their district at reasonable hours. The quorum for meetings is one-third of the full number of members, subject to this qualification that in no case is a larger quorum than seven required. The chairman of the council is to preside at all meetings at which he is present; if he is absent, the person to take the chair is the vice-chairman, if one has been appointed and he is present, failing him, the members present shall appoint one of their number to act as chairman. Women are eligible as chairman, vice-chairman, and councillor. It is very necessary to note the various grounds upon which a chairman of a district council becomes disqualified and incapable of acting. Amongst these are poor relief to himself or family, bankruptcy, holding any paid office under the council, being pecuniarily interested in any bargain or contract with the district council with certain exceptions, and absence from council meetings for more than six months consecutively, except for illness or some reason approved by the council.

Questions at meetings are to be decided by a majority of the members present and voting on that question. If the voting is equally divided, the chairman has a second or casting vote. The names of the members present and of those voting on each question are to be recorded, so as to show whether each vote was given for or against the question. Minutes of a meeting purporting to be signed by the chairman of that meeting or by the chairman of the next meeting shall be received as evidence in all legal proceedings. Further, a meeting so minuted shall be considered to have been duly convened and held until the contrary is proved.

The proceedings of a district council shall not be invalidated by vacancies amongst the members or by any defect in their election or qualification. The annual meeting is to be held as soon as convenient after April 15th in each year. The first meeting of a council shall be held where and when the returning officer may appoint by written notice to each member, but not more than ten days after the completion of the election.

The holding of, and proceedings at, district council meetings other than as provided above, and always subject to the statutes, are governed by the standing orders which every district council makes for the regulation of its business. These standing orders vary in the extent to which they deal with procedure, where they are silent, the customary rules of debate apply, anyone concerned with a particular district council must, therefore, obtain and study its own standing orders. It may be useful, however, to select as examples a few of the provisions from actual sets of standing orders of an urban district council and a rural district council respectively.

Urban District Council. The council's ordinary meetings are held on alternate Wednesday evenings at 7.30, notice of same, with the usual particulars, including the business (so far as known), being posted to each member three clear days beforehand. Extraordinary meetings may be held on the requisition of three members and on twenty-four hours' notice being given to members. Resolutions or acts of the council can be revoked or altered only by a two-thirds majority at a special meeting convened on the requisition of three members. Failing the carrying of such revocation or alteration, it may not be attempted again for six months. The order of business after signing of the minutes, is: (1) Deputations, (2) correspondence, (3) committee reports, (4) finance committee report, (5) reports of council officers, (6) business appointed by resolution of previous meeting, (7) motions and questions. With the exception of a few motions which may be moved without notice, five days' notice of motion is required. Speeches are limited to ten minutes and replies to five minutes each. Committees are to consist of three members, and the quorum to be two members. Committee meetings may be called at two days' notice, and five minutes' grace is allowed the chairman before someone else is appointed to the chair. A two-thirds majority may suspend these standing orders at a meeting either after due notice or in case of urgency.

Rural District Council. Ordinary meetings are held monthly on Thursdays, at 3 p.m., and two days' notice of same is given. Ratepayers in the rural district and reporters may be present until required by resolution to withdraw. Extraordinary meetings may be requisitioned by two members for the transaction only of the special business specified. Minutes are to be printed and sent to members. The order of business, only to be varied by consent of the meeting, is (after signing the minutes): (1) Business arising out of the minutes; (2) communications from the Ministry of Health, (3) other communications; (4) finance committee's recommendations, (5) other committees' reports, (6) officers' reports, (7) departmental requirements, (8) applications and appointment of officers, etc., (9) motions. Four days' notice of motion is required. Motions to rescind or repeat resolutions within six months require at least four members' names on the notice; and, if they fail, are barred for a further

six months. No discussion is allowed on adjournment motions or on the motion to proceed to the next business. Speeches are limited to ten minutes. A reply is permitted not only to the mover of a substantive motion, but also to the mover of a successful amendment put as such. Three members may demand a recount of a show-of-hands vote before announcement of the result, as also (after the vote) a division, *s. e.*, a taking of the names for and against. A motion may, if practicable, be divided into parts on any member's request. The chairman may take a vote, without discussion, as to the exclusion of any business he deems objectionable. Any standing orders may, with the chairman's sanction, be suspended by a majority vote in case of urgency. There is also full provision regarding committees.

DISTRICT REGISTRY.—It is well known that writs in actions are issued out of the High Court in London, but to avoid difficulty and delay various registries or offices have been established in different parts of the country, presided over by the registrar—who is almost invariably the registrar of the local county court—in order that all such work as is done in chambers in interlocutory matters (*q. v.*) may be carried out without having recourse to the courts in London. All matters which are in the hands of a master in chambers in London may be conducted by a district registrar, from whose decision there is always a right of appeal to a judge in chambers.

DISTRICT TRADE COMMITTEES.—These are established by Trade Boards appointed according to the provisions of the Trade Boards Act, 1918. Whereas a Trade Board fixes a general minimum trade rate of wages, the District Trade Committee takes into account the special conditions existing in the particular district. The District Trade Committee, however, cannot deal with special minimum piece rates.

DISTRINGAS.—This is a Latin word, signifying "that you distrain." It was the name of a writ which was formerly issued out of the High Court of Justice to prevent the transfer of particular stocks or shares, or the payment of dividends due upon them. In 1880 this writ was abolished, and now a notice is served upon the company or other body affected which fulfils the same object. The notice is for the purpose of preventing the company or other body from dealing with funds in which other persons claim to have an interest. Application is made, in the first instance, to the High Court, the application being supported by an affidavit which sets out the material facts of the case, and when certain formalities have been complied with, the notice is served upon the company or other body sought to be affected by it. No dealing of any kind can then take place unless an eight days' notice is given to the parties who claim to be interested in the funds, etc., that some transfer, etc., is contemplated. Within these eight days steps must be taken, if it is thought necessary, to obtain further protection, otherwise the effect of the notice of distringas ceases. (See **CHARGING ORDER**.)

DITTO.—This word, which is often written "do"—this being a contraction of *ditto*—means the same thing as before, or something of a like manner. It is derived from the Latin word *dicitum*, the past participle of the verb *dico*, "I say."

DIVIDEND AND TRANSFER DAYS (BANK OF ENGLAND).—These are the days upon which

dividends are paid and transfers effected, so far as certain stocks are concerned with which the Bank of England is chiefly interested, at least to the extent of paying the dividends and executing the transfers.

Transfer days are Mondays, Tuesdays, Wednesdays, Thursdays, and Fridays. Instructions are received from 9.30 a.m. until 3 p.m., but a fee of 2s. 6d. is charged if the instructions are given later than 1 p.m. Transfers may also be made on Saturdays, between 11 and 12.30, and for these also a fee of 2s. 6d. is charged.

There are in some instances particular days fixed as the dividend days for special securities. The list of these can be obtained by interested parties from the Bank of England.

DIVIDEND, INTERIM.—(See **INTERIM DIVIDEND**.)

DIVIDENDS.—The term "dividend" is applied to the money which is distributed amongst the creditors of a bankrupt out of his estate, to the annual interest payable upon the National Debt (*q. v.*) and other public funds, and upon the shares in joint-stock companies. The dividend paid out of a bankrupt's estate depends upon the assets realised by the trustee in bankruptcy. If it appears likely that the whole of these assets cannot be collected expeditiously, the trustee should declare and pay dividends from time to time, reserving the final dividend until he has collected the whole of the money which is obtainable. The dividends payable upon the National Debt and public funds are fixed, and do not vary from year to year in the same manner as other dividends vary. The third kind of dividend—the profit arising to the shareholders out of the business of a joint-stock company—requires fuller explanation. When moneys are invested in any business concern the shareholders expect some recompense or reward for the loan of such moneys. A company is carried on with an idea of making profit, and this profit is something which accrues to the company, and increases its assets for the time being. The capital ought, as far as possible, to be kept intact, and employed solely for the purposes of the company. The profit gained (if any) is an additional advantage which is obtained for the shareholders by means of trading. This profit may legitimately be used by the company to reward and recompense its shareholders, and the return which is made to each individual shareholder for the use of his money is called a dividend.

With the exception to be noticed hereafter, there is nothing in any of the Companies Acts which has reference to the payment of dividends, and the legislature has left the matter to the company itself to determine. The articles of association must, therefore, be looked at to see what determination has been arrived at, for they must govern the whole question. It is possible to make the most elaborate arrangements regarding, and to place the greatest restrictions upon, the payment of dividends, but this is not a wise course to adopt if the company is a public one, and relies upon the support of outsiders by their becoming shareholders to carry on its undertaking. Generally speaking, it will be sufficient to incorporate as nearly as possible the provisions relating to the same contained in Table A (*q. v.*). The articles, then, will practically govern the whole matter of the payment of dividends, subject to the general principle that dividends must be paid exclusively out of profits and not out of capital.

The greatest difficulty is to arrive at what are really profits, and this is a question which has received different answers. Profit has been defined as the gain resulting from the employment of capital. It really consists of the produce or its value which remains to those who employ their capital in an industrial undertaking, after all the necessary payments have been deducted, and all the capital wasted and used in the undertaking has been replaced. Roughly speaking, this means that at the end of a period of trading, up to the time when the accounts of the company are made up, the whole of the circulating capital of the company must be replaced, and a certain allowance made for the loss or depreciation of the fixed capital. The latter is generally provided for by the creation of a special fund, but in certain instances it is possible for the articles to provide that no loss or depreciation shall be provided for, especially when the company is established for the purpose of carrying on a mere temporary concern. Again, as far as the fixed capital is concerned, any chance improvement in its value may be treated as a profit.

But other methods of calculating profits are necessary in the case of large businesses and joint stock companies. In his standard work on the Companies Acts, Lord Justice Buckley says: "The profits of an undertaking are not such sum as may remain after the payment of every debt, but are the excess of the revenue receipts over expenses properly chargeable to revenue account. As to what expenses are properly chargeable to capital and what to revenue it is necessarily impossible to lay down any rule. In many cases it may be for the shareholders to determine for themselves, provided the determination be honest and within legal limits. Where expenses properly chargeable to capital have been paid out of revenue, the company is justified in recouping the revenue account at a subsequent time out of capital. The proper and legitimate way of arriving at a statement of profits is to take the facts as they actually stand, and, after forming an estimate of the assets as they actually exist, to draw a balance so as to ascertain the result in the shape of profit and loss. If this be done fairly and honestly, without any fraudulent intention or purpose of deceiving anyone, it does not render the dividend fraudulent that there was not cash in hand to pay it, or that the company was even obliged to borrow money for that purpose. And the fact that an estimated value was put upon assets which were then in jeopardy and were subsequently lost does not render the balance sheets delusive and fraudulent."

Two cases in which the manner of calculating profits was discussed are worthy of reference, viz., *Lee v. Neuchâtel Asphalte Company*, 1887, 41 Ch D 1, and *Verner v. General and Commercial Investment Trust*, 1894, 2 Ch 239. In the first it was decided that where the shares of a limited company have, under a duly registered contract, been allowed as fully paid-up shares in consideration of assets handed over to the company, it is under no obligation to keep the value of these assets up to the nominal amount of its capital, and the payment of a dividend is not to be considered a return of capital merely on the ground that no provision has been made for keeping the assets up to the nominal amount of capital. There is nothing in the Companies Act to prohibit a company formed to work a wasting property, such as a mine or a patent, from distributing, as dividend, the excess of the proceeds

of working above the expenses of working, nor to impose on the company any obligation to set apart a sinking fund to meet the depreciation in the value of the wasting property. If the expenses of working exceed the receipts, the accounts must not be made out so as to show an apparent profit, and so enable the company to pay a dividend out of capital, but the division of the profits without providing a sinking fund is not such a payment of dividends out of capital as is forbidden by law. In the second case, a different method of ascertaining profits was propounded. There the defendants were a limited company, whose objects were to invest their capital in stocks, funds, shares, and securities of various descriptions, and the receipts of the company from the income of these investments were made applicable to paying a dividend. The market price of some of the investments of the company fell, and others of them proved worthless, so that the value of the company's assets was materially diminished, but the income received from the investment for the year considerably exceeded the expenses of the year. One of the trustees of the company brought an action on behalf of himself and all the stockholders in the company against the company and the other trustees to restrain the company from declaring a dividend, on the ground that, until the loss of capital was made up, a payment of dividend would be a payment out of capital. It was held, by the Court of Appeal, that it was within the power of the company to declare a dividend, inasmuch as there is no law to prevent a company from sinking its capital in the purchase of a property-producing income and dividing that income without making provision for keeping up the value of the capital; and that fixed capital may be sunk and lost, and yet the excess of current receipts over current expenses may be applied in payment of a dividend, though where the income of a company arises from the turning over of circulating capital, no dividend can be paid unless the circulating capital is kept up to its original value, as otherwise there would be a payment of dividend out of capital.

In the second case, Lord Lindley made the following remarks in the course of his judgment: "It has been already said that dividends presuppose profits of some sort, and this is unquestionably true, but the word *profits* is by no means free from ambiguity. The law is much more accurately expressed by saying that dividends cannot be paid out of capital, than by saying that they can only be paid out of profits. The last expression leads to the inference that the capital must always be kept up, and be represented by assets which, if sold, would produce it, and this is more than is required by law. Perhaps the shortest way of expressing the distinction which I am endeavouring to explain is to say that fixed capital may be sunk and lost, and yet that the excess of current receipts over current payments may be divided, but that floating or circulating capital must be kept up, as otherwise it will enter into and form part of such excess, in which case to divide such excess without deducting the capital which forms part of it will be contrary to law."

Dividends must be paid out of profits and out of profits alone, except as is provided by Section 91 of the Act of 1908. A payment of a dividend out of the capital is *ultra vires*, for it amounts to a reduction of the capital of the company, and such a reduction is rarely permissible. And, on general principles of liability, if directors do pay a dividend

out of capital, they are held responsible to the company for the whole amount so paid. The articles cannot make provision for any such payment, nor can the shareholders resolve in a general meeting that the capital of the company shall be so applied. It is probable that if a dividend is illegally declared for the purpose of giving a fictitious value to the shares of a company, the directors who take part in declaring it may be made criminally liable for conspiracy to defraud; but it is not necessary that the whole of the profits of a company should be distributed. There is an inherent right in the directors to lay aside a certain portion of the profits as a reserve fund, even though the articles have made no provision to this effect. And this is a wise precaution. Nor does it inflict any great hardship upon the shareholders. They have the appointment of the directors in their hands, and if dissatisfaction is felt at the management of the finances of the company, they have an adequate method of dealing with the matter by changing the body of the directorate. Profits paid into a reserve fund nevertheless remain profits of the company and may be subsequently distributed.

The financial arrangements being in the hands of the directors, it is for them to ascertain the state of the company at stated periods, and to see what sums are available out of the profits (if any) for dividends, after meeting all prior charges. Shares are divided into various classes, the most common being preference and ordinary shares. There is generally a fixed rate of interest payable on the preference shares. This must first of all be deducted from the available profits. If the preference shares are cumulative, and there has been a deficiency in the interest payable in previous years, this has also to be provided for. After that, a certain amount is put aside as a reserve fund, if it is decided to create one. Then come the ordinary shareholders, and they are the principal persons to be considered. The whole of the available remaining profits may be divided, or any part thereof up to the extent of the maximum rate of interest (if any) provided by the articles. Unless there is some special clause in the articles restricting the payment in proportion to the amount paid up on the shares held by the shareholders, the dividend ought to be declared in proportion to the nominal amount of the shares, without any reference to the actual sum which has been paid upon them. The statement of accounts and the propositions of the directors as to the payment of dividends are forwarded to the shareholders at the time of sending out the notices for the annual general meeting. At the meeting the propositions of the directors are put to the vote, and if they are carried, including the recommendation as to the payment of a dividend, the dividend becomes due and payable by the company. Sometimes, when a company is particularly successful, the directors may declare and pay an interim dividend, which is a kind of payment in advance of the dividend that it is expected will be declared at the end of the financial year. This should always be provided for by the articles of association.

No dividend is payable until it has been declared in the proper way. And this applies not only to the case of ordinary shareholders, but also to preference shareholders. It is immaterial that the funds of the company are ample to supply all wants. Without a declaration of a dividend none is payable, and no debt has been incurred in respect of the same, but as soon as a dividend has been declared a share-

holder has a right to sue for the same unless he receives payment. The debt is in the nature of a specialty debt, that is, the right of action upon it does not become barred until after the lapse of twenty years. The reason for this is that the certificate of each shareholder is sealed with the seal of the company. The articles of association may sometimes limit this, but there appears to be a great objection to any such restriction on the ground that the London Stock Exchange declines to recognise a company with such a clause in its articles. The amount to be paid is fixed, and the dividend is payable to the holder whose name is entered on the register. It sometimes happens that a shareholder transfers his shares at or near the time of the declaration of the dividend. The contract entered into between the transferor and the transferee should contain a term providing for the dividend. In the absence of any agreement the date of the document governs the matter. If the dividend is declared before the date, the amount payable goes to the transferor, if after the date, to the transferee. Shares which are so transferred and to which the right of receiving the dividend is attached are said to be "cum dividend", if the right to receive the dividend is reserved by the transferor they are said to be "ex dividend." It is the practice to deduct income tax from the amount of the dividend before paying it over.

It has been stated that if directors make an improper payment of a dividend, they are liable to be sued for the amount so paid. But if the payment is received by the shareholders with a full knowledge of the improper nature of the payment, the directors may claim to be indemnified by the shareholders who have been paid. Unless provision is specially made in the articles it is improper to make any payments of dividends except in cash. A shareholder may very naturally decline to accept securities of any kind, no matter how valuable they may be declared to be.

Although no notice of any trust may be entered upon the register, shares are very frequently held in the name of a registered holder for the benefit of and in trust for some other person. So long as the beneficiary lives, or so long as he is entitled to take the benefits of any dividends under the terms of the trust, he is the person who ought to receive the dividends declared. But if the trust is determined so far as he is concerned and another person becomes entitled, as if, for example, shares are left in trust for a tenant for life and afterwards for a remainderman, a right of apportionment is given by reason of the Apportionment Act, 1870 (33 and 34 Vict. c. 35), and the estate of the tenant for life benefits if a dividend is declared after the termination of his interest, proportionately to the time during which he was beneficially entitled.

To the general rule that dividends cannot be paid out of capital, but only out of profits, a notable exception was made by the Companies Act, 1907. By that Act it was provided, for the first time, that the old rule may be broken into in cases where the shares of a company are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings, or the provision of any plant which cannot be made profitable for a lengthened period. The section of the Act of 1907 was re-enacted by Section 91 of the Act of 1908. As this section is one of great importance, it is here given *in extenso*—

"91. Where any shares of a company are issued

for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provision of any plant which cannot be made profitable for a lengthened period, the company may pay interest on so much of that share capital as is for the time being paid up for the period and subject to the conditions and restrictions in this section mentioned, and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant:

"Provided that—

"(1) No such payment shall be made unless the same is authorised by the articles or by special resolution;

"(2) No such payment, whether authorised by the articles or by special resolution, shall be made without the previous sanction of the Board of Trade:

"(3) Before sanctioning any such payment the Board of Trade may, at the expense of the company, appoint a person to inquire and report to them as to the circumstances of the case, and may, before making the appointment require the company to give security for the payment of the costs of the inquiry:

"(4) The payment shall be made only for such period as may be determined by the Board of Trade, and such period shall in no case extend beyond the close of the half year next after the half year during which the works or buildings have been actually completed or the plant provided:

"(5) The rate of interest shall in no case exceed 4 per cent. per annum or such lower rate as may for the time being be prescribed by Order in Council:

"(6) The payment of the interest shall not operate as a reduction of the amount paid up on the shares in respect of which it is paid.

"(7) The accounts of the company shall show the share capital on which, and the rate at which, interest has been paid out of capital during the period to which the accounts relate:

"(8) Nothing in this section shall affect any company to which the Indian Railways Act, 1894, as amended by any subsequent enactment, applies."

DIVIDENDS IN BANKRUPTCY.—The property of a bankrupt which is available for creditors after payment of costs is distributed by the trustee in the form of dividends

While retaining such sums as may be necessary for the costs of administration, the trustee must declare and distribute dividends as soon as possible. The first dividend must generally be declared and distributed within four months after the first meeting of creditors, while subsequent dividends must be declared and distributed at intervals of not more than six months.

Before a dividend is declared, notice is sent to the *Gazette*, and to each creditor mentioned in the statement of affairs who has not proved. On declaring a dividend, the trustee also sends a notice showing the amount and method of payment of the dividend.

Where the partner of a firm becomes bankrupt, a creditor to whom the bankrupt is indebted jointly with the other partners of the firm, or any of them, cannot receive any dividend out of the separate property of the bankrupt until all the separate

creditors have received the full amount of their respective debts

Where joint and separate properties are being administered, dividends of the joint and separate properties must generally be declared together. The expenses of and incident to such dividends are fairly apportioned by the trustee between the joint and separate properties, regard being had to the work done and the benefit received by each property

In the calculation and distribution of a dividend, the trustee makes provision for debts due to persons resident in places so distant that they have no time to tender their proofs, or to establish them if disputed, and also for provable debts which are the subject of claims not yet determined. He also makes provision for any disputed proofs or claims, and for administration expenses. Subject to the foregoing exceptions, he distributes as dividend all money in hand.

As a creditor may come in at any time, the creditor who has not proved before the declaration of a dividend, may be paid out of any money in the hands of the trustee. Any dividend he may have failed to receive before that time is applied to the payment of any future dividend. He cannot, however, disturb the distribution of any dividend declared before his debt was proved by reason that he has not participated therein. Having realised all the property of the bankrupt, or as much as he can, without needlessly prolonging the trusteeship, the trustee declares a final dividend. Before so doing, he gives notice to the persons whose claims to be creditors have been notified, but not established to his satisfaction, that if they do not establish their claims to the satisfaction of the court within a time limited by the notice, he will proceed to declare a final dividend, without regard to their claims. After the expiration of the time so limited, or any further time allowed by the court, the property of the bankrupt is divided among the creditors who have proved their debts without regard to the claims of any other persons. The trustee cannot be sued for a dividend, but the court may order him to pay it, and also to pay out of his own money interest thereon for the time that it is withheld, and the costs of the application.

Even after his release, if he has moneys of the debtor in his hands, an order may be made against the trustee. It would not, however, be made in favour of one who had taken an assignment of a proved debt. A dividend cannot be attached to answer a judgment obtained against the creditor.

The trustee pays unclaimed dividends into the Bankruptcy Estates Account at the Bank of England. A receipt given to him by the Board of Trade is an effectual discharge. Unclaimed dividends mean dividends which, although declared on existing and admitted proofs, have not been claimed.

Any surplus remaining after payment in full of his creditors, with interest, and of the costs, charges, and expenses of the proceedings under the bankruptcy petition, belongs to the bankrupt.

The bankrupt may dispose of the surplus by will or deed, even while the bankruptcy is pending and before the surplus is ascertained.

DIVIDENDS UNPAID.—(See UNPAID DIVIDENDS)

DIVIDEND WARRANT.—This is an order issued by a joint-stock company upon its bankers for the payment of the interest or dividend due to a shareholder upon his holding. Unless there is a special stipulation to the contrary, a dividend warrant

must always be signed by the person to whom it is made payable. In practice, however, where a dividend warrant is made payable to several persons, the signature of one of them is generally accepted as sufficient, but when it is an interest warrant, the signatures of all are necessary.

DIVIDIVI.—The native name for the twisted pods of the *Casalpinia coriaria*, a leguminous tree of South America. These pods are rich in tannin, and are in great request by tanners and dyers. Great Britain's supplies come chiefly from Venezuela.

DIVISION BONDS.—(See AMERICAN SECURITIES.)

DOCK.—A dock is a place artificially formed for the reception of ships, the entrance to which is generally closed by gates. There are two kinds of docks: Dry docks and wet docks. The former are used for receiving ships for inspection and repairs. For this purpose, the dock must be so contrived that the water may be admitted or excluded at pleasure, so that a vessel can be floated in when the tide is high, and that the water may run out with the fall of the tide, or be pumped out, the closing of the gates preventing its return. Wet docks are formed for the purpose of keeping vessels always afloat. One of the chief uses of a dock is to keep a uniform level of water, so that the business of loading and unloading ships can be carried on without interruption. The first wet dock for commercial purposes made in this kingdom was formed in the year 1708 at Liverpool, then a place of no importance.

DOCK AND TOWN DUES.—These are dues which are peculiar to the port of Liverpool. They are chargeable upon most of the goods which are exported from or imported into that city, the town dues being levied, so it appears, for the use of the port, whether a vessel carrying goods actually goes into dock or not.

DOCK BRIEF.—A defence undertaken by a barrister at the open request of the prisoner in the dock, the fee in no case to exceed £1 3s 6d.

DOCK DUES.—Dock dues are payments made to the owners of docks by shipowners using the docks in the proportion to their ship's tonnage, and by shippers when they are entered at the Custom House.

DOCKETS.—The summaries which are made of the contents of letters or other documents. In the old pigeon-hole system of filing letters, they are folded in one uniform size, with a blank space outside on which the docket is written. "Docketing" obviates the necessity of looking at every letter in a certain bundle when searching for a particular one. Modern filing systems have done away with much of the need for the docket.

DOCK PASS.—There are three kinds of permit which are known by this name—

(1) A permit obtainable by a vessel's master at the dock office on payment or guarantee of the dock dues. The dockmaster will demand the production of the dock pass before allowing the vessel to leave dock.

(2) When a *barge* is ready to leave dock the lighterman applies to the ship's clerk for a pass, which is an authority to the dockmaster to allow the barge to leave dock. The pass is a slip of paper bearing the name of the barge, owner, and goods loaded. It is signed by the ship's clerk and the Customs officer who has inspected the goods.

(3) When goods are taken away from a warehouse or a dock by *vans*, the warehouse foreman furnishes

the carman with a pass, which authorises the official at the exit to allow the van to leave.

DOCK WARRANTS.—Dock warrants are orders or authorities for the removal of goods and merchandise warehoused in the various docks. The orders are granted by the proper officer at the docks, on application of the importer, in favour of anyone whom the latter shall name. In the Factors Act, 1889, a dock warrant is included in the phrase "document of title," and is defined as being a "document used in the ordinary course of business as proof of the possession or control of goods, or authorising, or purporting to authorise, either by indorsement or by delivery, the possessor of the document to transfer or receive goods thereby represented." It passes by indorsement and delivery, and transfers the absolute right to the goods described in it. The lawful transfer of a dock warrant to a person as a buyer or owner of the goods, and its transfer by that person to another, who takes it in good faith and for valuable consideration, has the same effect for defeating any vendor's lien or right of stoppage *in transitu* as the transfer of a bill of lading has for defeating the right of stoppage *in transitu*. But where the question is only between the immediate parties to a contract, a dock warrant is not a document of title to the goods referred to in it, but only a mere token of authority to receive the possession of the goods, and it does not, like a bill of lading, pass the possession by indorsement to another person so as to prevent the seller of the goods stopping them *in transitu*, unless an established custom to that effect is proved, which was in the contemplation of the parties to the contract. A dock warrant is liable to a stamp duty of 3d, which may be denoted by an adhesive stamp, to be cancelled by the person by whom the instrument is executed or issued. The inset shows the usual form of dock warrant.

DOCKYARD.—In the fullest meaning of the word, a "dockyard" is a government establishment where ships of every kind are built and repaired, and supplied with the men and stores required to maintain them in a state of efficiency for war; but in practice few, if any, existing dockyards are of so complete a nature; many of them, for instance, do not undertake the building of ships at all, while others are little more than harbours where a ship may replenish her stores and carry out minor repairs. Private firms are relied on for the construction of many ships down to an advanced stage, the Government dockyards completing and equipping them for commission. There are royal dockyards at Ascension, Bermuda, Bombay (Royal Indian Marine), Devonport, Gibraltar, Haulbowline (Royal Alexandra), Hong Kong, Kidderpore (Royal Indian Marine), Malta, Portland, Port Said, Portsmouth, Rosyth, Sydney, Weihawer, West India Docks (Naval Store Depot).

DOCTORS' INDEMNITY.—An insurance granted to medical men indemnifying them against claims which may be brought for negligence or want of skill in the performance of professional work. This and other similar indemnities are dealt with under the heading PROFESSIONAL INDEMNITIES (*q v*).

DOCUMENT.—Any specific paper or writing.

DOCUMENTARY BILL.—A documentary bill is a bill of exchange which is accompanied by various documents, such as bill of lading, dock warrant, delivery order, policy of insurance, invoice. They are largely dealt with by bankers, who make advances upon them.

When a banker advances against shipments he sends the bill abroad, with the bills of lading attached, for payment. When the documents are given up against acceptance, the banker has then to rely upon the acceptor, regarding whom he should have satisfactory information.

Where a credit is opened abroad at a customer's request against bills of lading, policy, etc., the foreign trader draws on the banker in this country and sends the bill, with the documents attached, to the English banker. The documents may be taken by the customer and paid for at once, or the amount may be charged to the customer and the documents held as security until required. In some cases the bills of lading may be handed to the customer and a letter taken from him hypothecating the goods to the bank, and undertaking to hand over to the bank the proceeds from the sale of the goods, and until that is done the customer agrees to hold the goods or the proceeds in trust for the bank. When this is done, a separate account is usually opened for the operation. In such cases the banker really parts with his security and has to rely upon the honour of his customer. In case of failure, trustees generally recognise these undertakings. There is the danger, however, that there may be a contra account due from the customer to a purchaser of the goods, in which case, as the latter has no notice of the hypothecation, he is entitled to deduct the contra account from the amount he is due to pay as the purchase price of the goods.

When documentary bills are discounted, the banker takes a note of hypothecation or memorandum of deposit, from the customer, by which the bill of lading and the goods are pledged to the banker and under which he is given a right, if necessary, to sell the goods. The stamp duty upon the note of hypothecation, or memorandum of deposit, is 6d.

If a banker sells a documentary bill, he indorses it and thus becomes liable thereon; the bills of lading, indorsed in blank by the shipper, and the insurance policy, accompany the bill.

A banker keeps a record of all his liabilities on acceptances and indorsements.

Where documents are given up against payment of a bill under rebate, the rate is usually $\frac{1}{2}$ per cent above the deposit rate of the principal London banks, and is calculated from the date when the money (free of cost) will be in the hands of the person entitled to receive it, and at the place where it is payable. A receipt is indorsed upon the bill that the amount has been paid under rebate at . . . per cent.

DOCUMENTARY CREDITS.—These play an important part in the present-day system of financing the world's commerce. They consist briefly of guarantees by bankers addressed to the sellers of goods undertaking that payment will be assured providing that the terms of the credit as to quantities, price, etc., are adhered to, and documents surrendered evidencing that the consignment has been dispatched as required. One may visualise a situation wherein a manufacturer receives an order to sell goods to a new client, somebody with whom he has had no previous dealings, whose credit and financial status he does not know. Shall he send the goods and chance a payment being made by return? If he does, they are almost irrevocably out of his hands and it is easy for the consignee to avoid paying for them. To ask for payment in advance is not likely to foster new business, and in

turn involves trust on the part of the buyer "Credit," or belief in one another's integrity, is lacking, and much business would be retarded or never mature but for the bridge over the gap that the banker's credit provides. An English banker is known to an English trader, and his undertaking can be relied on. Similarly, a foreign banker in the town of the foreign trader is equally well known to him. The two bankers are known to one another, they are probably old established, the strength of their financial position is widely published, and they have to take great precautions not to injure their good name in the market.

Therefore, when a London banker, for example, opens a credit for account of his customer in favour of a foreign seller, either direct or through a correspondent nearest that seller, there should be no hesitation in incurring the cost of manufacture and dispatching the order. The beneficiary has the word of a banker that he will be reimbursed as soon as he surrenders the documents of title all in order.

Procedure. The terms of the contract between buyer and seller are completed, details of quantity, quality, price, points of shipment, and so on, and it concludes with the item "Payment by banker's credit." The buyer then approaches his banker, and if his credit is good enough or he can provide satisfactory guarantees as explained later, he fills up an order form (a typical specimen of which is shown inset) with the details of the required credit exactly corresponding with the details of the contract. The essential points are the name and address of the beneficiary so that he can be found and identified easily, whether the credit is to be opened by the London banker himself and advised direct and through a correspondent, the choice of which is left to the banker, or through a correspondent specially named by the seller (his own banker for example), whether it can be advised by mail or cable, depending upon the distance the parties are apart and the urgency of the deal, the sum for which the credit is available—the exact figures if a *pro forma* invoice has already been received, or the nearest round sum sufficient to cover the consignment, or perhaps "the counter-value of" so many tons at a given price—in sterling or foreign currency, usually to agree with the price arranged and the wishes of the party unwilling to accept the risk in the rate of exchange. Then the goods to be shipped are mentioned with sufficient details to identify them, grades, qualities, trade descriptions, and the price per ton, bale or barrel, etc., *f o b* or *c i f* (*q v*), then the port of embarkation (that most convenient to the shipper) and, more important, the port of disembarkation (that best possible for the ultimate consignee). The essence of the credit is that it is payable against documents which enable the consignee to obtain possession of the goods he is paying for, and they must be named carefully, e.g., ship's bill of lading, railway carriers' note, through bill of lading, shipped on board or received for shipment, mate's receipt in temporary substitution of the ship's bill, insurance policies, certificates or cover note, covering risks of war, *f p a*, theft and any special risk incidental to the particular goods carried, and in addition to an invoice or statement of account, any documents specially required to prove country of origin (consular certificate) or quality (grading, inspection, and analyst's certificate). The banker has not the time to examine a tremendous lot of detail, but for his own sake as well as his customer's, just sufficient

particulars must be given to ensure that he is paying for the right goods against the correct documents

Insurance may be covered by the buyer if he thinks that he can obtain better terms, in which case he may be required to exhibit proof that cover is effected and, of course, the beneficiary will not be asked to surrender a policy

Confirmed and Unconfirmed. An unconfirmed credit can be cancelled any time before it is availed of, by any party to it. Thus the accredité may have purchased or manufactured and shipped the consignment only to find on presentation of the documents that the credit has been cancelled. Particularly during the war when so many new traders sprang up and commercial morality was loosened, shippers were compelled to demand confirmed credits

In most countries, except America, the terms "unconfirmed and revocable" and "confirmed and irrevocable" are synonymous. In an unconfirmed credit a banker states that he will pay the beneficiary under the conditions enumerated but that the credit is subject to withdrawal at any time, in a confirmed credit he gives his irrevocable guarantee to do so and, therefore, if he values his good name at all he must abide by his undertaking even should the customer fail in the meantime

Expiry Date. A banker will naturally wish to put a time limit in committing himself to such a complete liability, so whilst unconfirmed credits need not have an expiry date (but generally do) a banker should not open a confirmed credit without a definite date after which he can no longer be called upon to make payments. The buyer is usually interested in having his purchase come forward ready for his market at the right time, so he will fix a duration period which will compel the seller to use requisite dispatch. Shipment by a particular date will do, the beneficiary being given a few days longer in which to present his documents to the banker.

The date of a "shipped" bill of lading, or the date of an "on board" indorsement of a "Received for shipment" bill of lading is taken as the day of shipment by the banker within the terms of the credit. An essential point to remember is that a credit expires where it is opened, which means much to a credit opened in London and advised out to Melbourne as compared with one opened in Melbourne at the request of a London banker. In the first case the beneficiary may find that through no fault of his own, the documents have not reached London in time to be presented to the issuing banker before the expiry date. Similarly, any alterations or subsequent amendments to the original terms are operative where the credit is opened. For example, instructions to cancel an unconfirmed credit opened abroad must reach the correspondent, and if documents have been negotiated before such advice reaches him the buyer must honour that payment. Credits that have not been availed of by their due date can be extended for a further period on the same or, if agreeable, amended terms depending upon the eagerness of the buyer

Outward credits finance imports, inward credits pay for our exports. An English exporter requests his foreign client to establish a credit in his favour, and if at all possible, in sterling with a London banker. After details of the contract have been concluded the next point is the receipt of a letter from such a banker stating that the beneficiary will be paid so much on surrender of certain documents

covering a certain shipment. (See copies of typical advices opening confirmed and unconfirmed credits, on the following pages.)

He knows, therefore, that he will be quite safe in spending money to make articles and in putting the buyer in constructive possession of them.

He receives his bill of lading from the steamship owners, an insurance policy (if he is required to cover insurance), makes up an invoice or statement, obtains any other documents that the peculiarity of the trade calls for—consular certificate of origin, weight note, analysis or inspector's certificate, etc.—and presents them all to the issuing banker within the specified time limit and, after examination, receives cash. The documents are sent forward by the London banker to the foreign banker for whom he is acting with advice that payment has been made. (See form of advice on page 632.) The documents can be handed over to the consignee on reimbursing his banker, with the bill of lading he claims the goods from the steamer and uses the other documents as circumstances require

Sight and After Sight Credits. It is usual, though not by any means essential, for the accredité to make formal claim on the buyer for his money by drawing a sight draft on the latter for the invoice amount. The shipping documents are attached to it when handed to the banker. It is not really necessary to draw a draft under a sight credit, as the invoice is evidence sufficient to enable the banker to pay the amount claimed. But it frequently happens that the buyer requires a month or two in which to pay, which means that he has to be trusted with the goods, and if he is so disposed, he has plenty of time to realise them and decamp, or at least the seller has to have capital immobilised or locked up for a lengthy period. With a banker's credit, however, the seller has only to draw a draft payable at the agreed period (one, two, or perhaps three months sight or date), and negotiate it to the banker, that is, he receives the face value of it less discount for the time it has to run. He replenishes his liquid capital immediately and can continue to employ it in further trade. The buyer can still be entrusted by his banker with the documents, and so can sell the goods and receive payment in time to meet the draft on its maturity date. One party has cash immediately sale is effected, the other has credit or time to realise, whilst the bankers have profitable employment of their funds.

Instead of a long-dated draft being drawn on the importer himself, it is the practice, particularly in the Eastern trade, to insist upon it being drawn on the issuing banker. It is true that in the first case the banker guarantees that his customer will accept and duly pay the draft, which means that should his customer fail he would have to do so for his own honour, but it is argued that a draft accepted by a banker can be discounted in the market at a better rate than a trade acceptance

The Eastern banks, who negotiate abroad drafts drawn on London, know that the ultimate payment at maturity is assured, but they send forward the documents to their London agents and surrender them on acceptance of the draft. There is now no evidence on the draft itself that it is drawn under and guaranteed by a banker's credit. They seldom hold these drafts until maturity, but discount them in the market for cash; and, plainly, a London banker's acceptance will command a better rate than one which on the face of it is nothing but a trade acceptance

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BUSINESS MAN'S ENCYCLOPAEDIA

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(ADVICE OF CONFIRMED CREDIT SENT TO BENEFICIARY)

LONDON BANKING COMPANY LIMITED

FOREIGN BRANCH OFFICE :

157 ROUNDWAY, LONDON, E C.3.

When replying please quote I D C DEPT No . . . 1429 . . .

... 31st December ... 19..

CONFIRMED CREDIT No.....1429.....(which please quote).

DEAR SIRs,

We have been requested to confirm to you that for account of.*Alexander*.....
 *Parker Inc*... we have opened a credit in your favour at
 *60 days* sight for the sum of
 *£3,700 (three thousand seven hundred pounds)*
 against delivery of the following documents, viz—

(1) Full set clean "on board" Bills of Lading (in name of.... *New York National Bank* . . .)

(2) Invoice (3) Certificate of Origin.

(4) Marine and War Risk Insurance Policies covering 10% above *C I F* value

(5) Consular Invoice

(6) *Lloyd's Inspection Certificate*...covering a shipment of *100 boxes of tin plates*
~~shipments~~. marked  *1/100*at a price as *per pro forma invoice*shipped from... *Swansea*... per Steamship... *June*to... *Baltimore, C I F* before *20th March, 19*

We undertake to honour all drafts drawn within the terms of the above credit, provided such
 drafts bear the number and date of this credit

We are, dear Sirs,

Yours faithfully,

per pro. LONDON BANKING COMPANY LIMITED.

FOREIGN BRANCH OFFICE

This credit expires on the 30th March, 19..

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AND DICTIONARY OF COMMERCE

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(ADVICE OF UNCONFIRMED CREDIT)

LONDON BANKING COMPANY LIMITED

FOREIGN BRANCH OFFICE :

157 ROUNDWAY, LONDON, E.C.3.

When replying please quote I D C DEPT No . 792 . . .
--

.....13th January.....19..

To.....The Baltic Grain Co.....

..... Baltic House,

.....St. Mary Axe.....

UNCONFIRMED CREDIT. No..... 792.....(which please quote).

DEAR SIRs,

We have been instructed by the Deutsche Bank, Berlin
to open a credit in your favour for account of Kuhn & Loeb
to the extent of £ . . . 40,000 . . . (say forty thousand pounds
. sterling) available by your drafts on us at . . . three days. . . sight against
delivery of the following documents, namely—

- (1) Full set of clean "on board" Bills of Lading (in the name of Rhein Transport A G)
- (2) Invoice
- (3) Consular Invoice
- (4) Certificate of Origin.
- (5) Marine and War . . . Risk Insurance Policies

- (6) Grading Certificate
covering a shipment of grain in bulk, No 1 Hard Manitoba
shipments at a
price as per invoice shipped from. Port Duluth
to Rotterdam not later than.

Drafts drawn under this credit must be presented to us not later than... 31st January, . . . 19..

All drafts drawn under this credit must be marked "Drawn under credit No . . . 792 . . .
of LONDON BANKING CO LTD, 157 Roundway, E C 3, dated 13th January,"

We have no authority from our clients to confirm this credit or to guarantee the acceptance or
payment of drafts drawn thereagainst The credit is therefore subject to cancellation at any time without
notice, the above particulars being for your guidance only

We are, dear Sirs,

Yours faithfully,

per pro. LONDON BANKING COMPANY LIMITED.

FOREIGN BRANCH OFFICE.

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BUSINESS MAN'S ENCYCLOPAEDIA

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(ADVICE OF PAYMENT AFFECTED BY BANKER)

LONDON BANKING COMPANY LIMITED

FOREIGN BRANCH OFFICE :

157 ROUNDWAY, LONDON, E.C 3.

.....22nd January,.....192..

.. ..Hollandsche Bankvereening,. . .

.Amsterdam.....

Dear Sirs,

Your Credit No9742.. ... which please quote
 Our Credit No.....2941.....

We beg to inform you that in virtue of your ~~mail~~^{mail} credit as above.....
~~cable~~
 we have paid toBolton Cotton Spinners' Association
 the sum of £749 16s. 4d.

 which we are charging to your account, plus our commission of. ½ per cent.,
 £.....1 17s. 6d....., in all £.....751 13s. 10d.. . .

We enclose herewith the relative documents, namely—

.. ..3.Invoice. 1Insurance Policy,
3/3.....Bills of Lading and.....detailed statements.
 covering..137 cases cotton
piece goods.....per S/S “Hollandia.....”
 receipt of which kindly acknowledge.

We do not assume any responsibility for the correctness, validity, or genuineness of the documents received under this credit, or for the description, quality, quantity or delivery of the goods purporting to be represented thereby.

We remain, dear Sirs,

Yours faithfully,

per pro. LONDON BANKING COMPANY LIMITED.

FOREIGN BRANCH OFFICE

Currency Credits. Credits have to be opened in foreign currency amounts when foreign sellers are in the position of insisting upon payment in their own units; they refuse to accept any risk in exchange fluctuations. Supposing, for example, an Englishman buys goods in Amsterdam for so many Dutch florins. A credit is opened through a London banker with his Amsterdam correspondent, and in due course, on presentation of documents, the latter pays out florins to the debit of the former's account. On receipt of the documents and advice of debit, the London banker hands them to his customer, against payment in sterling of the florin equivalent. He buys Dutch currency in the market and has it remitted to the credit of his depleted account and charges his customer at the market rate plus his "turn" (see ARBITRAGE). The Dutchman receives the exact price for his goods, but the Englishman's cost is subject to rate fluctuations (see Article on FORWARD EXCHANGE CONTRACTS).

By far the greater number of credits are opened in sterling. English bankers have for years been pre-eminent in this system of financing trade, English traders have had the monopoly of a huge volume of business and have been able to impose their conditions on foreigners, and sterling meant a stable, free-gold market. Many people abroad are content to sell their goods to England for sterling because of the instability and depreciation of their own currency.

Drafts on London will always find ready buyers because sterling can always be used to buy English manufactures and, in fact, London credits are used to a great extent to pay for goods that never touch these shores. A German wishes to buy coffee in Brazil. He establishes a credit with a London banker in Santos. On the strength of that advice the Santos banker will negotiate the shipper's drafts drawn, say, at three months' sight, with documents attached, paying him at once the equivalent in milreis at the current rate of exchange. The documents are sent forward through London to Hamburg (the coffee may have to be transhipped here or be on a through bill of lading), but the draft drawn on the London banker is accepted by him, and if the Santos banker is in need of funds can be sold in the market at a good rate. The German importer receives the consignment and has time to sell it before he has to remit funds to meet the draft at maturity. Settlement in sterling is more satisfactory to buyer and seller when both their currencies are weak and fluctuating. A typical example is given of an advice of a payment made in rupees under a credit opened in Calcutta by a London banker at the request of a Finnish banker.

The war, with the depreciation of sterling, the restriction on gold exports, and England's great need for foreign goods, forced buyers in many cases to give way to their suppliers' wishes and pay them in their own currencies. Recently, however, the London Money Market and the pound sterling have regained much of their former pre-eminence.

Revolving Credits. A banker must be instructed whether, for example, under a credit opened for 100 tons, the beneficiary is to be permitted to make partial shipments at *pro rata* rates. It might be necessary for the buyer to insist upon delivery of the complete order at once. There are some classes of business, however, where a steady demand is experienced during the whole of the season. The importer does not want to be heavily overloaded,

or on the other hand lose profit by a deficiency of supplies. The Australian fruit season will serve as a typical example. A Covent Garden wholesaler knows that the shopkeepers will take regular quantities of fruit from him week after week, and he therefore wishes to be sure of receiving regular shipments. It is expensive to cable the full details of a credit to Australia, and much time, trouble, and money would be spent in opening a fresh credit for each purchase. A revolving credit is established in favour of an agent or marketing association, not for one sum, exhausted as soon as it is availed of, but which is automatically reinstated under the same conditions, which would be in this case for so many boxes or barrels of apples and pears per weekly shipment. A draft is drawn and negotiated to the Australian bank with an invoice and bill of lading for each consignment. The revolving nature is limited and defined by the credit as so many boxes per weekly steamer, thus ensuring a regular supply to the buyer just within the estimated absorbing capacity of his market. By the time he has to pay for the second and third drafts he is receiving payments for the sales of the first shipment. He is keeping his banker in funds, and it is possible to buy £100,000 worth of fruit in the season and never have an outstanding liability greater than a few hundred pounds. It must be stated whether the revolving credit is cumulative or non-cumulative, that is, whether a shipment or portion of one week's allowance not used can be added to the next, or whether the week's limitation must be strictly regarded.

The revolving nature of a credit may consist of the drawing of drafts on the buyer, the second not to be negotiated until sufficient time has elapsed for the first to be paid.

Banker's Security. It is plain from the foregoing that the banker undertakes a risk when he guarantees to pay the beneficiary of a credit opened for account of his customer, and he, therefore, must take necessary precautions before he commits himself. Traders who habitually maintain strong current accounts, or who can deposit adequate, first-class, and realisable securities, have no difficulty in persuading their bankers to open credits for them to the limit of their obvious resources, but as it is the duty of a banker to foster small men as well as large, what steps can be taken to give the banker the security he needs even with customers of inadequate capital?

The documents themselves form a realisable security, as they are the title to the goods and possession of them duly indorsed gives the holder the power of taking over the consignment and selling it for what it will fetch, which should be almost as much as was paid the accredittee for them. At the banker's discretion, therefore, he stipulates that the documents taken up shall be indorsed in blank or specifically to his order, then if his customer cannot reimburse him at once for his outlay he does not surrender the documents but uses them to claim the goods from the steamer, warehouse them in his own name and, if it is still necessary, he sells the goods for what they will fetch, claiming from the customer any deficiency then remaining. It is a regular feature of the Liverpool cotton market for the banker to accept sixty days' sight drafts drawn from the Southern States of America with bills of lading attached for so many bales made out to the order of himself. He accepts the draft and has the cotton landed,

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BUSINESS MAN'S ENCYCLOPAEDIA

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(ADVICE OF PAYMENT MADE BY CORRESPONDENT BANKER)

LONDON BANKING COMPANY LIMITED

FOREIGN BRANCH OFFICE :

157 ROUNDWAY, LONDON, E C.3.

.....14th January,.....192.

..... Helsingfors Creditbanken,.....

.....Helsingfors.....

Dear Sir,

We beg to inform you that in virtue of our ~~mail~~^{cable} credit dated the.... 20th Novr., 192
 our agents in..... Calcutta
 have paid to..... the Irrawadi Jute Mills Co.....
 the sum of .. Rs.88,260on 22nd December, 192 ..
 against..... enclosed invoices $\frac{1}{2}$ Bills of Lading (duplicate and triplicate follow
by subsequent mails) Insurance Policy covering a shipment of.....
Gunny Bags per s s. "Govindjee".....
 Kindly note that we debit you for this item£6,385 8s 1das under.

It must be understood that neither we nor our Correspondents assume any responsibility
 for the correctness, validity, or genuineness of any of the documents handed to us as referring
 to the goods—the subject of documentary credits—or for the description, quality, quantity,
 or delivery of the goods which the documents may purport to represent.

We remain, Dear Sirs,

Yours faithfully,

per pro LONDON BANKING COMPANY LIMITED
 FOREIGN BRANCH OFFICE

Rs.88,260 @ 1/5 $\frac{1}{4}$	=	£6,343	13	9
Charges .. $\frac{1}{4}$ % ..		15	: 17	-
Interest 23 days 6 % ..		23	19	10
Cables & Postages ..		1	: 17	6
		<hr/>		
		£6,385	: 8	1
		<hr/>		

warehoused, reinsured, and ultimately sold, perhaps in small parcels, always in his own name. The Manchester buyers pay him against delivery orders, and if all goes well he should have sold the cotton, and have the necessary funds in hand in time to meet his acceptance and settle the profit, less charges, with his customer. Needless to say, the English banker's charges are very moderate for opening credits, considering the tremendous service they render to commerce.

DOCUMENT CREDIT.—(See DOCUMENTARY CREDITS.)

DOCUMENTS AGAINST ACCEPTANCE.—Where a draft is drawn on a merchant payable at some time after sight or date, the drawer must signify whether he is prepared to trust the buyer to the extent of letting him have the documents (and, therefore, the goods) against his acceptance only, or whether he insists upon payment first. In the first case the draft is marked D/A, and in the second D/P. The collecting banker then knows what course he is to take. A draft payable at sight, of course, requires immediate settlement in exchange for the documents, and a long bill marked D/A presents no difficulty—the drawee can have the documents as soon as he accepts the bill.

The difficulty with a bill of exchange marked D/P is that the drawee is not entitled to honour it in full until it runs to maturity, but in the meantime the ship carrying the relative consignment arrives and must unload. Nobody wishes the goods to remain on the quayside, so one alternative is for the banker to have them put in warehouse and insured in his own name, and released to a buyer only in exchange for cash which he uses to honour his customer's acceptance. Or the drawee may obtain possession of the documents by handing his own and/or a banker's guarantee to the holder, undertaking that the draft will be met at maturity. If, however, the importer has the requisite funds he may retire the bill under rebate, that is, pay for it at any time during its currency, its face value, less interest at $\frac{1}{2}$ per cent. above banker's seven days' deposit rate for the number of days it has still to run.

He thus secures the documents against payment. The banker has to use the lesser amount of money he has received (the face amount, less rebate), so that he shall be able to credit the full face amount at maturity to the person for whom he is collecting it.

DOCUMENTS AGAINST PAYMENT.—(See under DOCUMENTS AGAINST ACCEPTANCE.)

DOCUMENTS OF TITLE.—These are documents which, either by legal sanction or by usage, confer on their recipients for value a sound title to the goods they represent. An original bill of lading is a document of title, and when properly indorsed and delivered its holder can collect the goods described—subject, of course, to the shipowner's lien for freight. (A Dock Warrant is a document of title, but a Landing or Weight Account is *not*.)

DOGS, THE LAW AS TO.—The dog is a domestic animal, and is considered to be goods or property. It is, therefore, an offence to steal a dog, the same as it is an offence to steal goods. If a dog, which is not known to be vicious, bites a person, it is generally allowed this first bite free, although the consequences to the person bitten may not be pleasant. It is an offence to shoot a dog which is trespassing on the land of another. If the dog is wilfully sent upon the land of another, the offence, if any, is committed by the man, not by the dog.

An Act to consolidate the enactments relating to injury to live stock by dogs, and otherwise to amend the law, was passed in 1906. The owner of a dog shall be liable in damages for injury done to any cattle by that dog. If, on complaint, a court of summary conviction is satisfied that a dog is dangerous, and not kept under proper control, the court may order the dog to be kept under proper control, or be destroyed. The penalty for disobedience is 20s. for every day of disobedience. Dogs in the highway must wear a collar with the name and address of the owner inscribed upon it. This rule is compulsory only in those parts of the United Kingdom where the local authority orders it. To prevent the worrying of cattle, dogs must not be allowed to stray between sunset and sunrise.

If a police officer considers that a dog is a stray dog, he may seize and detain it until the owner has paid all expenses. If the dog wears a collar with a name and address upon it, a notice will be sent to that address, stating that the dog will be sold or destroyed within seven days if not claimed before then. All expenses incurred by the police must be paid. No such dog seized shall be given or sold for the purposes of vivisection. The chief officer of police of each district must keep a register of all dogs seized, and this register shall be open to public inspection on payment of a fee of 1s. Establishments which receive stray dogs must also keep a register, and are entitled to charge 1s. for inspection thereof.

If a person finds a stray dog, and takes possession of it, he must restore it to its owner, or give notice to the police of his district. The notice must be in writing, and must contain full particulars, e.g., a description of the dog, where it was found, and who is detaining it.

An annual licence must be taken out by the owner or keeper of every dog which is more than six months old, the charge (duty) is 7s. 6d. (See LICENCES, LOCAL TAXATION.) No licence need be taken out for young hounds under twelve months old, if they have not been used in any pack of hounds. No licence is required for a dog kept by a blind person for his or her guidance. Sheep dogs are exempt from licence. The owner, whether farmer or shepherd, must fill up the proper form, and state that the dog is kept solely to tend sheep or cattle. If the farm is very large, as many as eight dogs may be kept without a licence. Heavy penalties are exacted if there is any fraudulent misstatement made in the declaration.

If it is necessary in the public interest to do so, a public department may order that all dogs used for domestic purposes shall be muzzled.

DOGSKINS.—The skins of dogs are used for a variety of purposes, some being tanned and employed in the manufacture of boots, shoes, and gloves, while other long-haired kinds are valuable for mats, coats, etc. The latter sort is exported from New Chang, in China.

DOGWOOD.—(See CORNELL.)

DOIT.—A small piece of Dutch copper money—also called "duyt"—in value the eighth part of a staver, or half a farthing in English money.

DOLE.—This word, meaning something given in charity, is used mainly to signify the Unemployment Insurance benefit. (See UNEMPLOYMENT INSURANCE.)

DOMICIL.—The term is not capable of being exactly defined, but it indicates generally the place where a person has his true, fixed, and permanent

home, and to which, whenever he is absent, he has the intention of returning at some time or other. It is frequently extremely difficult to decide, when a person changes his place of residence, what is his particular domicile at any particular time; yet it is most important to know it, since it is the law of the domicile which decides the capacity to contract in all the most important private affairs of life.

In 1869, in the case of *Udny v. Udny*, Lord Westbury described what the law of domicile is as accepted in the English courts, as follows: "It is a settled principle that no man shall be without a domicile, and to secure this result, the law attributes to every individual as soon as he is born the domicile of his father if the child be legitimate, and the domicile of the mother if illegitimate. This has been called the domicile of origin, and is involuntary. Other domiciles, including domicile by operation of law, as on marriage, are domiciles of choice. For as soon as an individual is *sui juris*, it is competent to him to elect and assume another domicile, the continuance of which depends upon his will and act. When another domicile is put on, the domicile of origin is for that purpose relinquished, and remains in abeyance during the continuance of the domicile of choice, but as the domicile of origin is the creature of law, and independent of the will of the party, it would be inconsistent with the principles on which it is by law created and ascribed to suppose that it is capable of being by the act of the party entirely obliterated and extinguished. It revives and exists whenever there is no other domicile, and it does not require to be regained or reconstituted *animo et facto*, in the manner which is necessary for the acquisition of a domicile of choice. Domicile of choice is a conclusion or inference which the law derives from the fact of a man fixing voluntarily his sole or chief residence in a particular place, with an intention of continuing to reside there for an unlimited time. This is a description of the circumstances which create or constitute a domicile, and not a definition of the term. There must be a residence freely chosen, and not prescribed or dictated by any external necessity, such as the duties of office, the demands of creditors, or the relief from illness; and it must be residence fixed not for a limited period or particular purpose, but general and indefinite in its future contemplation. It is true that residence originally temporary, or intended for a limited period, may afterwards become general and unlimited, and in such a case so soon as the change of purpose, or *animus manendi*, can be inferred, the fact of domicile is established. The domicile of origin may be extinguished by act of law, as, for example, by sentence of death or exile for life, which puts an end to the *status civilis* of the criminal; but it cannot be destroyed by the will and act of the party. Domicile of choice, as it is gained *animo et facto*, so it may be put an end to in the same manner."

In the ordinary mercantile contracts the capacity of contracting is probably governed by the law of the country where the contract is made, but the point is difficult and the question is not free from doubt.

No person can be without a domicile. If he changes from place to place, and has no fixed determination of fixing his permanent abode in any particular country, the law of England presumes that he either has never lost or has reverted to the domicile of his origin. It is the combination of the two things—residence and intention to remain—that are the most important factors in deciding where a person

has his domicile, and without these two it is assumed that there is an intention to return to the original abode.

In one case it was decided that, in spite of the almost continuous residence of a stranger in this country for twenty-eight years, there had not been shown a fixed and settled intention of abandoning the domicile of origin—the United States—and, therefore, legacy duty, which was claimed by the Crown on the basis that the stranger had acquired an English domicile was not payable. A person's desire to retain a domicile is ineffective if, in fact, the two things necessary are not combined, or if his own acts indicate an intention contrary to the wishes he may have expressed.

Persons in the diplomatic or consular services do not acquire a domicile in the place where they are engaged, for they are liable to be transferred or recalled at any time, nor does a person travelling abroad for the benefit of his health acquire a new domicile. A British subject may, of course, have a Colonial domicile of origin, and if such subject acquires according to English law a domicile of choice in a country where the local law does not recognise domicile, but distributes the movables of a foreigner dying within its jurisdiction according to the law of his nationality, the English courts will distribute his movable assets according to the law of his Colonial domicile of origin.

As to marriage settlements, they are, generally speaking, governed by the law of the domicile as regards their validity and construction, unless another law is adopted by the contract itself in the place of the law of the domicile. It may be noted here that, where parties intermarry under a matrimonial *régime*, the law of which gives to each of them certain rights over property acquired by either of the spouses during the marriage, even though there is no marriage settlement, a subsequent change in their domicile will not affect those rights, as the law of the matrimonial *régime* is incorporated by inference into the contract of marriage and determines the succession to such property, *e.g.*, where two French people intermarried, and subsequently came over to and lived in England for many years, and the husband acquired a huge fortune in business, it was held that he could not dispose of the fortune by will as he wished, irrespective of the claims of his wife under the matrimonial *régime* of their domicile of origin.

Wills are governed as regards their meaning and interpretation by the law of the domicile of the testator. It should be noted that leaseholds, although they are personal property by English law, are real property according to international law; and, therefore, a will that deals with English leaseholds must comply with the requirements of English law, in the same way as a will dealing with English real property. As to succession to property, the *bona vacantia* or unclaimed personal property in England of an intestate and heirless foreigner, domiciled and dying abroad, falls to the English Crown, and not to the government of the deceased's domicile, for the principle that "movable chattels follow the person" applies only to distribution, and not to a prerogative right of the Crown. A British subject residing or staying temporarily abroad can (since 1861) make a will (*g.v.*) as far as his personal property is concerned, in English form, or in the form in vogue in the country where he is residing, or in the form of the country where he is domiciled,

or in the form of that part of the British dominions where he had his domicile of origin.

The domicile of a corporation is the place which is considered by law to be the centre of its affairs. In the case of a non-trading corporation, it is the place where its functions are discharged. The domicile of a trading corporation or company is its principal place of business, or where its head office is and its administration is chiefly carried on. For the purpose of the Income Tax Acts, a company registered here, with a registered office here, and governed by a board which meets here, is resident here, and profits derived from a trade carried on partly within and partly without the United Kingdom are all assessable, whether received here or not. A foreign corporation may reside in this country for the purposes of income tax; the test of residence is, not where it is registered, but where it really keeps house and does its real business; the real business is carried on where the central management and control actually abides; and whether any particular case falls within the rule is a pure question of fact to be decided not according to the construction of any particular by-law or regulation, but upon an examination of the course of trading and business. On the above principles the De Beers Consolidated Mines, Ltd., were held liable to pay income tax in England.

Domicil must be clearly distinguished from nationality. A foreigner may settle in England with the full intention of remaining here, and yet, although domiciled, may not become naturalised. He retains his nationality, which is different from his domicile. Nationality is of political importance in many cases, and each country has its own peculiar laws by which its subjects are bound, whatever their domicile, and which it may enforce against them either by international privileges accorded, or on their chance return to their native land. Domicil has to do with commercial and domestic matters simply, and regulates the ordinary transactions of everyday life. The importance of the determination of domicile will be seen more fully in the article on INTERNATIONAL LAW (*q v*). According to Professor Westlake, the modern tendency is to substitute political nationality for domicile as the test of personal law as far as possible. (See WILLS.)

DOMICILED BILL.—This is the name which is given to a bill which is made payable at some place other than the residence or business house of the acceptor. Many firms domicile their bills at the head office or London agents of their bankers.

DOMINICAN REPUBLIC.—The mulatto Republic of Dominica, or Santo Domingo (under American supervision), occupies the eastern two-thirds of the Island of Haiti, which is the second largest island in the West Indian Greater Antilles group; and lies between Cuba and Porto Rico. The eastern third is the Republic of Haiti. Santo Domingo has an area of 19,300 square miles, and a population of approximately 900,000, of whom nine-tenths are Spanish mulattoes, and the remainder pure whites. The bulk of the inhabitants are fiery in temperament, inclined to be indolent, fond of political excitement, and extravagant in expenditure. Sanguinary revolutions, seismic disturbances, and the indolence of its people, have all contributed to the backward condition of the roads, sanitation, education, trade and government of the Republic. Yet, its beauty, majesty, and fruitfulness only await the assistance of law and an ordered government for progressive development, and foreign money, mainly American,

is now being attracted. Spanish is generally spoken, and Roman Catholicism is the state religion.

Relief. Mountain ranges interspersed with valleys, many of which are extremely fertile, cover a great portion of the surface. The main Antillean ridge, of granite formation, runs through the centre under the name of the Sierra Cibao (Rocky Mountains), rising to over 10,000 ft. in Loma Tina. Flat lands separate the central range from the low Monte Christi, in the north, and the Tiburon range, in the south. In the former the Yaqui flows, in the latter are two salt lakes. Much of the coast is fringed with reefs.

Climate, Vegetation, and Fauna. The climate is tropical, but the great heat is tempered by the trade winds of the Caribbean Sea. June to December is the wet season, and December to May the comparatively dry season. Dry spells, however, occur in August and September, and destructive hurricanes in the period August to October. The rainfall is very varied, and where it is abundant the plains are green and fertile, but the dry sheltered parts are covered with chaparral, grass, and cactus. Much of the mountain region is covered with tropical forest. The wild animals are neither numerous nor remarkable. There are monkeys, racoons, deer, snakes, and alligators. Among the many birds are parrots and humming birds. Rich pastoral stretches support thousands of head of cattle.

Production and Industries. Only the eastern half of Santo Domingo is cultivated and inhabited. The other half, known as Despoblado (Depopulated), is (so far as it has been explored) an uninhabitable wild of inaccessible mountains and forests. Agriculture is the chief source of wealth, sugar-cane and cacao, under scientific management, being the chief crops. Other important agricultural products are tobacco, coffee, cotton, bananas, and ludes. The forest wealth, not scientifically explored, comprises cedar, mahogany, logwood, satinwood, wax, and dividivi. Minerals are abundant, but practically unworked. They include gold, silver, copper, coal, platinum, rock-salt, iron, and petroleum. Manufacturers are represented by the production of shoes (for home consumption), ice, candles, cheap furniture, and aerated waters.

Communications and Trade. There are few good roads, but much progress has been made recently. Railways are in their infancy, and telegraph, telephonic, cable, and wireless services are inadequate. Local schooners and small steamers, though not yet thoroughly organized, do a considerable inter-island trade. The bulk of the trade is, however, with the United States (far the most important), Great Britain, and Canada. British trade is hampered by the insufficiency of direct maritime communication, and by the absence of direct service with the southern ports. The principal exports are sugar, cacao, tobacco, coffee, and forest products, while iron and steel goods, cottons, tinned foods, meat and flour, are among the chief imports.

Trade Centres. *Santo Domingo* (38,000), founded in 1496 by Bartolomeo Columbus, is the capital and chief port. It is a poorly built town, lying on the southern coast, at the mouth of the Ozama river.

Santiago de los Caballeros (17,000), an agricultural centre in the fertile Yaqui Valley, is connected by rail with *La Vega* (6,500) farther inland, and with *Puerto Plata* (8,000), the port through which passes the tobacco of the Yaqui Valley.

DONATIO MORTIS CAUSA.—A Latin phrase,

signifying a gift made in contemplation of death it is limited to a gift of personal property made by the deceased, either personally or by an agent acting in his presence, and completed by manual delivery to the donee. It is upon condition, which need not be expressed but may be inferred, that it is to take effect only in case of the death of the donor. If the donor recovers from his illness, the gift is revoked. The gift may be of the property itself, or of the means of obtaining possession of the property, or of the documents of title to the property. A *donatio mortis causa* operates not from the death of the donor, but from the delivery during life to the donee. It is liable for the payment of the debts of the donor if his assets are insufficient for the payment of his debts, but it forms no part of his assets. It is liable to legacy and estate duty, but it does not require probate or the executor's assent. An excellent example of the gift was where a man expecting to die at any moment gave his sister-in-law a banker's deposit note, saying that he was going to give it her conditionally: if he got well, she would give it him back, and if not, she was "all right." There the condition attached to the gift was accurately expressed, but it is sufficient if it is clear that the gift was intended to be absolute only on the donor's death. A gift may be good as a *donatio*, although coupled with a trust or condition that the donee shall do something as, e.g., that he shall provide and pay for the donor's funeral. It has been decided that the following are capable of being the subject matter of a *donatio*: bank-notes, coins, mortgage deeds, bonds, promissory notes, bills of exchange, cheques payable to the donor's order and not indorsed, deposit receipts (though stated to be not transferable), a policy on the donor's life, a post office savings bank book, but not a deposit invested by a savings bank in Government stock, even though the certificate of investment be given also. A gift of a cheque upon a banker is not good as a *donatio*, because it is a gift which can only be made effectual by obtaining payment of it in the donor's lifetime, and is revoked by his death. Again, a deceased person's own promissory note, is not a good *donatio*. See *In re Leaper*, 1916, 1 Ch. 579. An instrument which forms no part of the title to property cannot take effect as a *donatio*, e.g., a receipt for South Sea annuities, which was a document forming no part of the title to the annuities, and this principle has been applied to scrip certificates for railway stock. The gift of a box containing share certificates and other valuables, where the donor retains the key of the box, is not a good *donatio*. An absolute and irrevocable gift cannot, of course, be a *donatio*. A *donatio* resembles a legacy, but differs from an ordinary gift, as it is incomplete and revocable during the donor's life. It differs from a legacy in that it does not need probate, owing to the donee's title being directly derived from the donor in his lifetime; it is not a testamentary act; and it is taken not from, but against, the executor, whose assent is not necessary. If the subject matter of a *donatio* is already in the possession of the donee at the time when the donor wishes to make the gift, it is not necessary to re-deliver it to the donor. Even at common law a *donatio* could always be made to the donor's wife.

DORA.—Upon the outbreak of the Great War in 1914, an Act of Parliament was passed, which was called the Defence of the Realm Act, 1914. This Act gave power to His Majesty in Council during

the continuance of the war to issue regulations of the most drastic character, and in effect the whole government of the country and the liberty of the subjects were transferred from Parliament to the Executive. The name of "Dora" was given to the Act and the regulations, the letters of this word being taken from the initial letters of the words giving the title to the Act.

DORMANT BALANCE.—This is the name applied to moneys lying to the credit of a customer at a bank and not operated upon for a considerable period.

DORMANT PARTNER.—(See SLEEPING PARTNER.)

DOUBLE ACCOUNT SYSTEM.—This system of book-keeping is applicable to concerns the capital of which is expended in assets necessary for earning revenue, but which are not of a re-saleable nature. These concerns include such undertakings as railways, gas companies, electric light companies, tramways, water companies, etc., and as they utilise their capital for the acquisition or construction of the undertaking, a "Receipts and Expenditure on Capital Account" is made up to be read in conjunction with the balance sheet, and linking up with it.

This account shows clearly the capital raised by means of stock, shares, debentures, or loans, and also the cost of the fixed assets of the undertaking. The balance only of this account is taken to the balance sheet in contradistinction to, in the case of the single account system, the detailed fixed assets and liabilities.

The various assets, when accounts are kept on the double account system, always remain at cost value, and consequently the only way in which their depreciation can be provided for is by raising a depreciation fund, by the accumulation of periodical charges to revenue account. This depreciation fund appears among the liabilities in the balance sheet.

In the single account system, as each asset appears in the balance sheet separately, depreciation can be written off as may be thought advisable or necessary, and the present book value of each asset so ascertained at a glance.

Accounts drawn up on the double account system, and the balance sheet of the same undertaking, shown in the form in which it would appear if presented on the single account system, are given as illustrative on the following page.

DOUBLE ENDOWMENT ASSURANCE.—This is a class of endowment assurance policy which provides for the payment of a certain sum assured in the event of death before the policy matures or twice that sum on maturity. A double endowment assurance is sometimes offered by a life office to an under-average life at normal rates, as an alternative to an ordinary whole life or endowment assurance for which an extra premium would otherwise be chargeable.

DOUBLE ENTRY.—This is the name given to a scientific and perfect system of book-keeping, involving two entries for each transaction, i.e., a debit for each credit. It is the system universally adopted and advocated by all professional accountants. It has many advantages over other so-called systems, all of which are more or less incomplete. Among these advantages are—

- 1 The risk of clerical error is minimised
- 2 By full nominal or impersonal accounts being used, it is practicable—

(a) To draw up a trading and profit and loss

The Loamshire Colliery Company, Limited.

RECEIPTS AND EXPENDITURE ON CAPITAL ACCOUNT TO DECEMBER 31ST, 1926

[illegible]

GENERAL BALANCE SHEET. DECEMBER 31ST, 1926.

<i>Liabilities</i>		<i>Assets</i>	
<i>£</i>	<i>s d</i>	<i>£</i>	<i>s d</i>
Capital Account—Balance at credit thereof as per Account	16,300 0 0	Sundry Debtors	..
Sundry Creditors	8,500 0 0	Short Workings Account	..
Bills Payable	5,200 0 0	Stock	..
Depreciation Fund	15,000 0 0	Investments	..
Reserve Fund	2,500 0 0	Cash at Bank	..
Profit and Loss Account	14,000 0 0	“ in Hand	..
	£ 61,500 0 0		£ 61,500 0 0

Balance Sheet—December 31st, 1926.
(SINGLE ACCOUNT SYSTEM)

<i>Liabilities</i>	<i>£</i>	<i>s.</i>	<i>d.</i>	<i>Assets.</i>	<i>£</i>	<i>s.</i>	<i>d.</i>
Nominal Capital, £200,000, divided into 15,000 Ordinary Shares of £10 each and 5,000 6 per cent Preference Shares of £10 each .. .. .	..	..	..	Shaft Sinking .. .. .	..	..	98,000 0 0
Issued Capital—	..	..	..	Plant and Machinery .. .. .	..	..	28,000 0 0
10,000 Ordinary Shares fully paid-up	£100,000	..	..	Wagons .. .. .	..	..	28,000 0 0
50,000 6 per cent. Preference Shares fully paid-up	50,000	..	..	Workmen's Cottages .. .. .	..	..	18,500 0 0
Debentures 5 per cent. .. .. .	..	..	..	Land .. .. .	..	..	16,000 0 0
Sundry Creditors .. .. .	..	..	..	Office Buildings .. .. .	..	..	1,000 0 0
Bills Payable .. .. .	..	..	..	Sundry Debtors .. .. .	..	..	20,000 0 0
Depreciation Fund .. .. .	..	..	..	Short Workings Account .. .. .	..	..	2,500 0 0
Reserve Fund .. .. .	..	..	..	Stock .. .. .	..	..	12,000 0 0
Profit and Loss Account .. .. .	..	..	..	Investments .. .. .	..	..	16,000 0 0
				Cash at Bank .. .. .	..	..	..
				" " in Hand .. .. .	..	..	..
					..	..	500
					..	..	£10,500
					..	..	11,000 0 0
					..	..	£220,200 0 0
					..	..	£220,200 0 0

account at any time, showing profits made or losses incurred in detail.

(b) To compare purchases, sales, expenses, etc., with corresponding items in previous accounts.

(c) To check expenditure.

3 It enables the amounts owing to and by the firm to be accurately arrived at.

4 It provides information for drawing up a balance sheet.

5 It assists in the prevention of fraud, by making it more difficult for alterations to be made in the accounts.

6 It affords easy reference to details included in both personal and impersonal accounts.

(See BOOK-KEEPING, SINGLE ENTRY BOOK-KEEPING, CONVERSION OF SINGLE ENTRY TO DOUBLE ENTRY.)

DOUBLE INCOME TAX.—(See INCOME TAX.)

DOUBLE INSURANCE.—(See MARINE INSURANCE.)

DOUBLE OPTION.—This is the right to buy or to sell a certain amount of a commodity within a certain period, in the future, at a price fixed in the present. It is an insurance against the market price of a commodity moving either way, since the purchaser can either buy or sell. The amount to be paid for such an option is twice that of a single option, and, in consequence, it is but seldom used (See OPTIONS.)

DOUBLE PRICES.—The quotations for stocks and shares always consist of two prices, and if, exceptionally, one price only is mentioned, this is for the sake of brevity, and is understood to mean the middle price, i.e., the mean between the buying and selling prices. As is explained under the heading of *BROKER*, the jobber or middleman who deals in a security has to be prepared to deal either way, that is to say, he may be called upon to sell, or he may be called upon to buy a line of stock. To protect himself, therefore, he always gives two prices, the first or lower one being that at which he is prepared to purchase a reasonable quantity of stock, and the second or higher one being that at which he is willing to sell a parcel of stock. The difference is known as the "jobber's turn." If this margin is considerable, as, for example, 30-35, the quotation is known as a wide one, this indicating that, if called upon to purchase, the jobber would be prepared to pay 30, whereas for the sale of stock he would ask 35. Should the margin be a close one, as, for example, 7½-77½, the price would be known as a narrow one, the buying and selling prices being respectively 77 15s. and 77 17s. 6d. per £100 of stock. The two prices are usually separated by a dash, and the second price is usually indicated by the unit or fraction only. It may be said that in actual practice the margin between the two prices is not always as wide as is indicated in the quotations, jobbers being often willing to deal within the limits given.

DOUBTFUL DEBTS RESERVE.—This is a charge made against profits in order to make provision for possible bad debts. The required amount is either the total of a specially compiled list of doubtful debts, or a percentage of the total debts.

The object of this reserve is to provide a fund out of which to meet any losses which may be incurred by the failure of a customer to pay his account. It is not, however, a reserve for the purpose of meeting any losses which may be incurred by the failure of a customer to pay his account. It is not, however, a reserve for the purpose of meeting any losses which may be incurred by the failure of a customer to pay his account.

The object of this reserve is to provide a fund out of which to meet any losses which may be incurred by the failure of a customer to pay his account. It is not, however, a reserve for the purpose of meeting any losses which may be incurred by the failure of a customer to pay his account.

1 The amount of the reserve is debited to the bad debts account and credited to a bad debts reserve account. Sometimes, however, the reserve is brought down as a credit balance in the bad debts account itself. But this is misleading, as an item "bad debts, credit balance," appearing in a trial balance would most likely be taken to be some bad debts recovered instead of a reserve.

2 The amount of the reserve is debited direct to profit and loss account, and credited to a bad debts reserve account.

DOWER.—This was the right of a widow to receive out of her husband's real estate, provided he had died intestate, one-third of the rents of the estate, unless there was a declaration against dower in the conveyance to the husband. The right to dower was abolished by the Administration of Estates Act, 1925.

DRAFT.—This word is derived from the verb "to draw," and was formerly spelled "draught" and "drawght."

Bills of exchange on demand, or after sight, or after date, are called drafts, because they are drawn by one person on another. Cheques also are sometimes called drafts, but the word "draft" is used principally when referring to a banker's own draft, or instrument drawn upon another banker or upon one of his own branches, or to a draft drawn upon his London agents or London office, at seven, fourteen, or twenty-one days after date, or on demand, or to a foreign draft drawn by a banker in one country upon a banker in another. When a draft is issued by one branch bank upon another bank, or by a country bank upon its London agent, an advice describing the draft is sent by the drawer to the drawee by the same day's post.

Where a customer applies for a draft and desires the amount to be debited to his account, a cheque must be taken for the amount or the application form be stamped two pence.

A banker should not stop payment of a draft issued by him upon his head office, or another branch, or his London agents, as he is liable to pay it to a *bond fide* holder, but if he receives notice that it has been lost, he will exercise great care before paying it, particularly if there is any suspicion that the indorsement is forged.

Other meanings attached to the word are: (1) Anything sketched roughly, or in outline; (2) The first copy of a document; (3) The depth to which a vessel sinks in the water; and (4) An allowance made by a wholesale merchant or manufacturer to a retailer for dust, waste by evaporation, and the turn of the scale.

DRAFT TERMS.—A financial method under which payment is made by bill of exchange drawn upon a customer overseas for the amount of his account plus interest to cover the time of maturing, sight, and return.

DRAGON'S BLOOD.—The red, resinous exudation from the scaly fruits of a palm growing in the East Indies, but the name is also extended to the resins obtained from the Australian *Eucalyptus resinifera* and from the dragon tree of the Canary Islands. It is exported in sticks, which are carmine red when pulverised. It is soluble in alcohol and in oils, and is chiefly used for colouring varnishes and other substances, such as marble, horn, etc. Tinctures and tooth powders are also prepared from it. It is sometimes known as gun dragon. The chief supplies come from Sumatra and Southern Borneo.

DRAINAGE, AGRICULTURAL AND SANITARY.

—1 **Agricultural.** (a) *Commissioners of Sewers and other Bodies.* Amongst the earliest measures taken by our kings or Parliament for protecting agriculture were those to prevent lands from being flooded by encroachments of the sea or the inundations of rivers. The natural or arterial system of drainage by the rivers and streams needs to be connected and supplemented by artificial means; and before there were any recognised local authorities charged with the duty of providing such means, and empowered to charge their cost on landowners or other persons to be benefited, it was only by the Crown's general prerogative right to take the initiative for the safety of the nation that what was necessary could be done. Thus, before any public statute can be found dealing with the subject, commissions were issued by the Crown to Commissioners who were to enquire into the defects of watercourses and the persons responsible for their repairs, and were invested with powers to enforce contributions to the expenses of making repairs; but the Crown could charge only those persons who were by custom liable to contribute to the maintenance of works already existing. The Commissions, therefore, could not order new constructions, nor make persons who would benefit by the works liable to contribute to the expenses. Of the statutes which afterwards regulated the issue of commissions, there still remains in force, as the foundation of all similar legislation passed since, the Bill of Sewers of 1531 (23 Hen VIII. c. 5). Afterwards all commissioners of sewers who were appointed by the Crown acted under the powers of this or subsequent statutes, yet their powers were not enlarged until the "Act to Amend the Law of Sewers in 1833" (3 and 4 Will. IV. c. 22), under which the Commissioners could erect new works and purchase land for maintaining existing works.

Another and complementary system was introduced by the Land Drainage Act, 1861 (24 and 25 Vict. c. 139), which, besides, improved the procedure under the old system. This Act is the last of the Acts that deal with the subject of floods of prevention and other matters in the purview of the Commissioners, though Rivers Conservancy and Floods Prevention Bills were introduced into Parliament in 1881 and 1883, but have never been passed.

The new system was that of drainage boards for separate drainage districts elected by certain classes of electors as prescribed by the Act. Any persons or body of persons, corporate or incorporate, being proprietors of not less than a tenth part of the acreage of any bog, moor, or other area requiring a combined system of drainage, may, by a Provisional Order of the Ministry of Agriculture and Fisheries (*q.v.*), subject to confirmation by Parliament, constitute such area a separate drainage district. The voters are persons paying the sewers rate, and their number of votes is determined by the rateable value of their property, though this may be varied by the Provisional Order.

Besides the Commissions and Drainage Boards, there are many local authorities who act under Local Drainage Acts; and it was provided in the Act of 1861 that separate drainage districts should not be formed without the consent of the Commissioners of Sewers or other bodies having local jurisdiction.

This conflict of local authorities has been one of the main reasons why none of the Acts above-mentioned has worked satisfactorily, and in the

Bill of 1883 there was a provision that where the Conservancy Board set up by the Bill could not exercise its powers without interference with these local authorities, a Provisional Order might sanction such interference.

The legal position of the Drainage Boards is the same as that of the Commissioners of Sewers. The jurisdiction of the Commissioners, whether by Act of Parliament or by custom, is exercisable by the Drainage Boards. By the Act of 1833 this jurisdiction was defined as comprising all walls, banks, culverts, and other defences whatsoever, whether natural or artificial, situate or being by the coasts of the sea; and all rivers, streams, sewers, and watercourses which are navigable, or where the tide ebbs and flows, or which communicate with such navigable, or tide river, stream, or sewer, and all walls, banks, culverts, bridges, dams, flood-gates, and other works erected or to be erected upon, over, or adjoining any such rivers, streams, or watercourses. The jurisdiction, therefore, extends only over tidal or navigable rivers.

Both Commissioners and Drainage Boards may now acquire necessary lands by agreement or compulsorily for maintaining old works or making new ones.

It will be gathered from the foregoing account that, prior to the Act of 1861, the proceedings were archaic and cumbrous. A grand jury had to be sworn to enquire into and make a presentment to the court as to obstructions or wants of repair, and the persons who were liable, before the Commissioners could make an order against any particular person. Since the Act of 1861 the Commissioners may make an order without the presentment of a jury, but there is an appeal to quarter sessions, which, besides confirming or annulling or modifying the order, has power to refer to arbitration.

The powers of the Commissions and of the Drainage Boards, even after the Act of 1861, are also very inadequate as regards rating; and this is one of the reasons why the Acts relating to sewers are very unequal to modern needs. They provide only for the draining of agricultural land; and there is no power to levy rates on houses in towns which would benefit by drainage and be saved from flooding. The rate can be levied only on persons whose lands are benefited in proportion to the benefit to be received. Hence before 1861, when new works were proposed to be executed, the consent of the owners of three-fourths of the lands to be charged had to be obtained, and the difficulties as to limited ownership, minorities and disabilities must be added to the main one of obtaining the consent of owners to new rates. Now new works may be carried out, without consent, unless they exceed £1,000. In this case the proprietors of half the area affected may express dissent, and if they do, the works cannot proceed; otherwise they may be executed.

The Commissioners have power to take lands compulsorily for new works under Provisional Order from the Ministry of Agriculture. No new Commissions are now issued, since the Act of 1861 provided for Drainage Boards, nor old Commissions altered as to area or powers, unless the Board (now Ministry) of Agriculture, after inquiry, so recommends.

(b) *Powers of Individuals.* Besides such provisions as described, the Act of 1861 enables private owners to procure outfalls for the drainage of their lands through the lands of adjoining owners. Any person interested in land may apply to an adjoining owner for leave to open new drains through his land,

or to cleanse, widen, straighten, or improve drains already existing there. The assent of the adjoining owner is to be given under seal containing the terms and compensation required. There are provisions for cases of disability or incapacity to assent, and any occupier or person other than the owner is entitled to compensation for any injury, if he claims within twelve months after the improvements are completed. The assent is recorded by the applicant in the office of the clerk of the peace. Assent not being given within one month, the decision may be referred to two justices of the peace or to an arbitrator. On a decision that no injury will be caused, the applicant may proceed; and on a decision that any injury may be fully compensated by money, and after assessment and payment, the applicant may proceed. If the decision is that the injury is such that it cannot be fully compensated in money, the applicant is debarred from going on. The provisions are similar to those in the earlier part of the Act, where Commissioners desiring to interfere with any mill dam, weir, or other obstruction are prevented unless with the consent of the owner. The applicant has the permanent right of entering to keep the drains in order, or the owner of the land may keep them in order and recover the cost. The owner may also fill up or divert the drains if he substitutes others as efficient, and disputes as to this go to two justices.

In the analogous case of any person desiring to construct a drain to divert any natural watercourse, the Act makes provision for notice and dissents similar to the preceding.

(c) *Borrowing Money for Drainage.* Acts known as Drainage Acts were passed from 1846 to 1856 for the purpose of encouraging agriculture, "and employment for the labouring classes," by Government loans to carry out private drainage schemes. It is significant that the first Drainage Act of 1846 recited that in the last session of Parliament an Act had been passed for facilitating the enclosure and improvements of commons. The "owners" of land who were allowed to borrow public money, and make the drainage improvements, were persons of limited interests, who could not otherwise have charged the lands for this purpose. In 1864 the Improvement of Land Act (27 and 28 Vict. c. 114) further enabled such owners to expend their own money or money borrowed for drainage improvements, mostly from land companies which had come into existence under the Land Drainage Act of 1849; this latter Act having first allowed the applying of private money by limited owners for drainage schemes and making it a charge on the land. The Act of 1864 repealed and enlarged the powers of that of 1849, and allowed other improvements besides drainage schemes. The borrowing and the proposed scheme have to be sanctioned by the Ministry of Agriculture (*q.v.*), which makes a provisional order if a permanent improvement is effected producing more than the yearly amount of the charge for the borrowed money. The improvements include drainage, and the straightening, widening, deepening, or otherwise improving drains, streams, and watercourses, the irrigation and warping of land, the permanent embanking and weiring of land from the sea or tidal waters, or from lakes, rivers, or streams. The Ministry may authorise entry upon adjoining lands for executing any works thereon which it thinks expedient for carrying out the improvement sanctioned. Since the Settled Land Act, 1882 (45 and 46 Vict. c. 38), improve-

ments that may be made under the Improvement Act, 1864, are also improvements under the Settled Land Act; so that capital money may be expended by the trustees of a settlement after a scheme has been submitted to the trustees or the court by the tenant for life and approved, and the certificate of the Ministry has been given as to the proper execution of the works.

2. *Sanitary Drainage.* As drainage on a large scale for the purposes of agriculture had been entrusted to local Commissioners of Sewers, or bodies acting under local Acts, or to drainage district boards, so the primitive common law as to drainage was altered and made suitable for the growing town populations by local Acts obtained from the legislature. The modern law of sanitary drainage may be dated from the year 1845, when the Model Acts were passed by Sir Robert Peel. They set out various general provisions which were to be embodied in any local Acts afterwards passed; and amongst them were provisions as to drainage. In 1848 the first Public Health Act was passed; and the Public Health Act, 1875 (38 and 39 Vict. c. 55), codified the existing sanitary law. The law for England outside the metropolis as to sanitary drainage is, therefore, to be found in the latter Act or subsequent extensions. For the metropolis there are special Acts, and the law to a considerable extent is different. The question of the authorities who administer the general sanitary law is treated under the title LOCAL GOVERNMENT.

(a) *Drain or Sewer.* The leading distinction is between drain and sewer. A drain in ordinary language is an artificial conduit or channel for carrying off water, sewage, etc. By the definition of the Act of 1875, it is—

"Any drain of, and used for the drainage of, one building only, or premises within the same curtilage, and made merely for the purpose of communicating therefrom with a cesspool or other like receptacle for drainage, or with a sewer into which the drainage of two or more buildings or premises occupied by different persons is conveyed."

What "one building" may be, or "premises within the same curtilage," are questions of construction as to matters of fact which may be difficult. As an illustration of what a curtilage would mean in this sense, we may take any ordinary farmyard round which the house and other buildings are grouped.

The owner or occupier of the one building or the premises included in the curtilage is responsible for this sort of drain. Other sorts of drains are "sewers." They belong to the local sanitary authority, and it is responsible for them.

(b) *Rights and Duties as to Drains.* Under the Public Health Acts, with which alone we are here dealing, no house may be newly erected or rebuilt, or occupied, that is, since 1848, in an urban district, without a covered drain or drains, constructed as approved by the urban authority, emptying into a sewer within 100 ft. of some part of the site not being under any house, or into a covered cesspool. There is a penalty for so doing not exceeding £50. Within any district, the local authority may, by written notice, require the owner or occupier of a house without a drain sufficient for the effectual drainage of the house, to make a covered drain or drains emptying into a sewer as above-mentioned, or, if none, into an indicated cesspool. The local authority is entitled to consider only the strict

question of the drainage of the house and nothing else. In default, the local authority may do the work and recover the expenses, or may charge the owner or owners with a private improvement rate, that is, a rate over and above the ordinary rate. Each house may be required to have its separate drain, and a combined drain may be disallowed. Owners or occupiers are entitled to connect their drains with the sewers, but must follow the regulations of the local authority, under a penalty of £20, but the local authority must make the connection on payment in advance. The cost is estimated by the surveyor. If the estimate is under £50, the owner or occupier may apply to the justices to fix it; if over, it may be referred to arbitration under Public Health Acts. A local authority may agree with the owner to make, alter, or enlarge any drain or sewer for the owner. The authority may close any improper communication and recover the expenses of so doing from the offending person.

An owner or occupier cannot connect his drain with the sewer of any local authority of a district other than his own except on agreed terms, or as settled by magistrates or arbitration.

House includes schools and factories and other buildings in which persons are employed, and the Act lays down regulations for sanitary conveniences for such houses. The occupier is primarily liable by law for keeping drains, etc., cleansed, and so as not to be a nuisance, but the local authority may lay down regulations for their proper construction, and may itself do necessary work and recover expenses from the owner, or impose a private improvement rate. On a written complaint of nuisance or injury to health from drains, etc., or on the report of its own surveyor or inspector under the Public Health Acts Amendment Act, 1907 (7 Edw VII c 53), the authority may enter the premises for examination. If the drains prove to be in good condition, the expenses of restoring the premises to their former state fall on the authority, otherwise the local authority must give notice, in writing, to do what is necessary in a specified time, under a penalty of 10s for each day of default, the local authority may execute the works and recover the expenses, or recoup itself by a private improvement rate.

Similarly the authority can order the smoke or some other test (not including the water test under pressure) to the drains with the consent of owner or occupier, or by order of justices. In default of repair, the local authority may do the work and recoup themselves, as before mentioned. The local authority may also order any cesspool or other similar receptacle for drainage, used or disused, to be filled up, removed, or altered on report of its officers that it is prejudicial to health or objectionable for sanitary reasons. The local authority has the usual powers in case the order is not complied with.

Proper sinks and drains for carrying off water may be required in any building on the report of the authority's officers; and they must be provided within the time stated in a notice to the owner or occupier, or the authority may provide them and charge the cost to them. In all the above cases, too, pecuniary penalties are imposed and daily penalties while default continues.

Where houses belonging to different owners, or where several houses belonging to the same owner, are made to drain into a common drain, this drain becomes a sewer, as has been settled by several decisions, under and repairable by the local

authority, but as regards complaints or reports as to nuisances, the Public Health Act, 1890 (53 and 54 Vict. c. 59), provides for the expenses of executing works being charged by the local authority proportionately on the owners. The Act does not apply to the owner of several houses on the same system of drainage, and the common drain remains a sewer in this as well as in other respects. It is not reasonable that the difference between drain and sewer should often turn on what a builder may choose to do, but only in this instance of nuisances is the local authority protected.

(c) *Sanitary Drains in the Metropolis.* The definition of "drain" in the Metropolis Management Act, 1855 (18 and 19 Vict. c. 120), differs only from that in the Public Health Act by the addition of the clause: "and shall also include any drain for draining any group or block of houses by a combined operation under the order of any vestry or district board." The order need not necessarily be express. It is sufficient to show that the sanction of the combined operation was signified to the owner. As in the Public Health Acts, any other kind of drain than as defined is a sewer repairable by the sanitary authority, and not by the owner. Even if the combined operation was executed unlawfully, without the approval of the sanitary authority, it has been decided that as the resulting work does not come within the statutory definition of a drain made by a combined operation with the sanction of the sanitary authority, it must be a sewer.

In many respects there is similarity in the law of sanitary drainage under the Public Health Acts and under the Metropolis Management Acts from 1855 to 1898, and where any particular question arises the difference must be kept in mind. But to trace these points in detail would be beyond the scope of this article.

DRAIN OF BULLION.—This is a phrase in use in the money market signifying the flowing away of the reserve of gold and silver, either in specie or in bullion, to such an extent as, if not checked, would soon leave an insufficiency in the country to meet the requirements of trade. This has reference to normal times. During the years of the Great War, and ever since, the legislature has taken the matter in hand most seriously.

The usual remedy is to raise the Bank Rate. By custom and competition other rates are raised proportionately, the market rate of discount, banker's deposit rates and so on. There is consequently more profit to be made by foreign bankers in negotiating drafts on London and more incentive to transfer their surplus funds from other centres. The increased demand for sterling sends the rate of exchange in our favour or at least away from the export specie point and may in time attract gold.

DRAWBACK.—A term in commerce employed in connection with the remitting or paying back of excise duties on certain classes of articles exported. A drawback is a device resorted to for enabling a commodity affected by taxes to be exported and sold in the foreign market on the same terms as if it had not been taxed at all. It differs in this from a bounty—that the latter enables a commodity to be sold abroad for less than its natural cost, whereas a drawback enables it to be sold exactly at its natural cost. Were it not for the system of drawbacks, it would be impossible, unless when a country enjoyed some very peculiar facilities of production, to export any commodity that was more heavily

taxed at home than abroad, but the drawback obviates this difficulty, and enables merchants to export commodities loaded at home with heavy duties, and to sell them in the foreign market on the same terms as those fetched from countries where they are not taxed.

Most foreign articles imported into this country may be warehoused for subsequent exportation. In this case they pay no duties on being imported and, of course, get no drawback on their subsequent exportation. In preparing goods for drawback, they must be packed in the presence of an excise officer, who sees them weighed, if the drawback depends upon weight. When the package is completed, he encloses it with a tape, which is properly fixed with a seal. Under this seal it is transferred to the port of shipment, and cleared for export by a person authorised by licence from the officers of customs. In the case of press-packed goods, the quantities and qualities must be verified by the oath of the master packer or his foreman. Drawback is given only on goods which have been charged with duties within three years, and no drawback is given on damaged or decayed goods. It is payable only to the real owners of the articles shipped. The earlier tariffs contained elaborate tables of the drawbacks allowed on the exportation or re-exportation of commodities, but so far as the United Kingdom is concerned, the system of "bonded warehouses" has much reduced the need for drawbacks, as commodities can be warehoused (placed in bond) until required for subsequent exportation. (For rates of drawback see CUSTOMS FORMALITIES AND EXCISE DRAWBACKS.)

DRAWEE.—The person or persons upon whom a bill of exchange is drawn, and who becomes or become, after signing the bill, the acceptor or acceptors. It is essential that the drawee and the acceptor should be the same person. All matters dealing with the drawee are noticed in the article ACCEPTOR.

In the case of a cheque, the drawee is obviously the banker upon whom the cheque is drawn.

DRAWER.—This is the person who gives the order contained in a bill of exchange. The presumption of law is that he is the creditor of the person upon whom he draws, *i.e.*, that the drawee has funds in his hands belonging to the drawer which the latter is desirous of transferring to a third party, the payee, or to himself. The drawer must have capacity to contract, and he must sign, either personally or by his duly authorised agent. Until he has signed, he is in no way liable upon the instrument, and he must sign the bill as such, *i.e.*, not believing it to be some other kind of instrument. If the signature is simply in the name of the drawer, he will be personally liable upon the bill. If he acts in any representative capacity, such capacity must be clearly indicated on the bill, in order to exclude personal liability. A corporation capable of contracting will draw a bill in the method authorised by its constitution, a partnership in the trade name of the firm.

The Signature. The signature should be made in ink. But a signature in pencil has been held good, and a lithographed or stamped signature is quite sufficient. But signatures of this kind are very undesirable, and some bankers might refuse to accept them without verification. Instead of the signature, in the case of a corporation, the affixing of the corporate seal will have the effect of a signature.

Form. The general form of a bill of exchange is given under BILL OF EXCHANGE. No special words, however, are required to constitute a valid bill of exchange. The great point is to obtain the signatures of the parties. So, therefore, if a man signs in any part of the instrument he may be a drawer. Thus, if a bill is drawn, "I, A. B., direct you to pay," and the instrument is in the handwriting of A. B., or of his duly authorised agent, A. B. is liable as drawer.

But it is very rare for the common form of a bill to be departed from. In most cases the drawer obtains a properly stamped paper, and writes out the whole himself, signing his name in the bottom right-hand corner. In other cases, the bill may be drawn by another person and forwarded to the drawer for the purpose of obtaining his signature. It is not absolutely necessary that the signature of the drawer should be placed upon the bill before that of any other person, *e.g.* the acceptor or an indorser. It may, in fact, be inserted at any time after issue. Of course, no person is bound to sign such a bill as drawer if it is sent to him, and no liability can attach in any way by reason of his refusal to do so.

Inchoate Instrument. The first method by which a person becomes liable upon a bill as a drawer is when he signs the same before it is issued, and when he is the only party (*qv*) to it. The second method is when he signs a bill sent to him for his signature as drawer, which is already filled up, and probably contains one or more signatures, *e.g.* those of the acceptor, or of an indorser, but liability as a drawer may be constituted in any other way. Thus, by Section 20 of the Bills of Exchange Act, it is enacted—

"Where a stamp signed on a blank stamped paper is delivered to the signer in order that it may be converted into a bill, it operates as a *prima facie* authority to fill it up as a complete bill for any amount the stamp will cover, using the signature for that of the drawer, or the acceptor, or an indorser, and, in like manner, when a bill is wanting in any material particular, the person in possession of it has a *prima facie* authority to fill up the omission in any way he thinks fit." (See INCHOATE INSTRUMENT.)

Liability of Drawer. If the drawee refuses to accept a bill, or having accepted, fails to pay it at the stipulated time, then the drawer becomes liable to the holder of the bill, just as any indorser is also liable, though it is not necessary to sue all the parties together. As to the liability, see INDORSER. In order, however, to render the drawer liable, all the necessary and proper steps connected with dishonour and presentation must have been taken. By drawing the bill the drawer engages "that on due presentment it shall be accepted and paid according to its tenor, and that if it be dishonoured he will compensate the holder or any indorser who is compelled to pay it, provided that the requisite proceedings on dishonour be duly taken." In any action the drawer is precluded from denying to a holder in due course the existence of the payee and his then capacity to indorse. If a bill is dishonoured after acceptance by non-payment and the drawer is compelled to pay it, he himself can sue the acceptor. (See DISHONOUR OF BILL OF EXCHANGE, PRESENTMENT OF BILL.)

Limitation of Liability. There is a method by which a drawer is able to limit his liability upon

a bill of exchange, though this must affect the transfer of the same very considerably, seeing that a bill advances in value the greater the number of names, with no limitation of liability, upon it. This limitation is effected by the insertion of an express stipulation negating or limiting his own liability to the holder. Thus, "Pay A or order without recourse to me," "Pay A or order *sans recours*," or "Pay A or order at his own risk," are instances in which the liability of the drawer is restricted. The rights of A are not affected in a general way, so far as negotiation of the bill is concerned, but the drawer is in no way liable to pay the bill to any holder at any time. This restriction of liability is also allowed to an indorser of a bill, if he indorses in the same manner.

Waiver of Notice of Dishonour. It has been pointed out that the secondary liability of the drawer is dependent upon due notice of dishonour being given and proper proceedings taken upon the same. The drawer may, however, waive his rights to such notice, but this can be done only by inserting an express stipulation in the bill in the same way as for the purpose of negating liability. Thus, words such as these, "Notice of dishonour waived," will suffice to dispense with the notice. An indorser is able to waive notice of dishonour in the same manner as a drawer by adding words to that effect to his indorsement.

As to the drawer of a cheque, see **CHEQUE**.

The drawer of a bill payable on demand is discharged if it is not presented for payment within a reasonable time. The drawer of a cheque is, in an ordinary way, liable thereon for six years from the date of the cheque.

DRAWING ACCOUNT.—In banking an account which can be drawn upon by the firm or person any time whilst a balance remains to the credit of the account, or, if an overdraft is allowed, according to the terms upon which such facilities of overdrawn are granted—a current account.

DRAWING AGAINST SHIPMENTS.—(See DOCUMENTARY CREDITS.)

DRAWINGS ACCOUNT.—An account (usually in the case of partnerships) to which all items are debited during a period, so that easy reference is afforded. At the end of a balancing period the account is closed by transferring it to the debit of capital account, thus showing the total withdrawn during the period as one item, and obviating the necessity of encumbering the capital account with a mass of detail. In some cases the items comprised in a drawings account are subject to interest being charged on them, and in such cases the interest is also included in the account previous to its being closed by transfer.

DRAWN BONDS.—This is the name given to bonds which are drawn at one of the periodical drawings for payment on a certain date, and after which time all interest upon them will cease.

DRENCHERS.—A name given to an installation of sprinklers (*q.v.*) fitted outside a building in order to prevent a fire spreading to it from adjacent buildings. It is not automatic, being controlled by valves at or near the ground level, and it consists of a system of water pipes and drencher heads, or distributors, the latter so arranged as to form a water curtain over all wall openings and also to protect skylights and combustible parts of the roof and walls. An almost unlimited supply of water

is required. Attachments are provided so as to enable the fire brigade, if necessary, to pump water into the installation.

DRIVERS' ACCIDENTS INSURANCE.—This is an important section of Public Liability Insurance, and is probably the oldest section of this class of business. Though it is now losing the important position it once held, owing to the development of motor traction, it is still of interest, and the practice which had grown up in the business had a bearing upon motor insurance in its earlier stages, though that has long since outpaced it.

The policy indemnifies owners of horses and vehicles against their liability to pay compensation for injuries to the person or property of third parties caused by the negligence or carelessness of their drivers, and also to cover damage to owner's vehicles and fatal injury to their horses.

Accidents caused by vehicles are of every-day occurrence, and, when carelessness or neglect can be proved, an employer is legally liable to compensate any persons who may be injured or the owners of any property which may be damaged. An employer is consequently exposed to serious demands being made upon him, which he has either to pay or defend in a court of law, and as in many cases claims are made for amounts far in excess of any reasonable compensation or actual damage done, it frequently happens that litigation follows, and the employer has, in addition to paying the amount awarded, to pay his own costs as well as those of the claimant. It is against these contingencies that employers can protect themselves by a comparatively small annual payment for an indemnity policy.

The policy usually covers what is known as the triple risk, *viz*—

Indemnity 1. Covers the insured's liability to the public in respect of injury to persons (excluding passengers) and damage to property (excluding goods under the control of the insured) caused by the insured's horses or vehicles—or by goods falling off such vehicles or whilst such vehicles are being loaded or unloaded, or by delivery or collection of goods to or from such vehicles.

All litigation expenses incurred with the company's consent are paid in addition to the amount of indemnity.

Indemnity 2. Covers accidental damage to insured's vehicles (including harness, rubber tyres, and lamps when damaged as a result of accident to horse or vehicle) caused by accident of any kind whilst being used in conjunction with horse.

Indemnity 3. Covers fatal injury to insured's horses while attached to insured's vehicle up to two-thirds of value, provided death or necessary slaughter occurs within twenty-one days of accident. Indemnity 1 may be taken alone, but Indemnities 2 or 3 are not separately insured, but either or both may be combined with Indemnity 1.

It should be noted that Indemnity 3 is not a comprehensive insurance of the horse as in the case of a Live Stock policy (*q.v.*), which is virtually a life insurance on the animal by means of an annual policy, but a cover limited as to certain contingencies and limited as to amount.

The policy is issued on a proposal form which forms the basis of the contract. This form, in addition to the questions as to name, address, trade, previous claims, experience, and insurance history, asks for description, date of make, and present value of each vehicle exceeding £100 in value, and

description (name, colour, and sex), age, date of purchase, and present value of each horse exceeding £100 in value. Any vehicle or horse of a value over this figure must be specially mentioned in the policy.

The premiums, which are charged at so much per driver, based upon the maximum number of drivers employed in the year of insurance, vary according to the amount of indemnity required, the locality in which the risk is situated, and the insured's trade.

For this purpose the towns throughout the country are classified into four groups according to density of population. The risk being naturally greater in the cities than in the country, the rates for London risks are considerably higher than for those in country districts.

The amount of indemnity can be for any amount which the insured desires, and in this connection it is well to remember that the limit should always be a substantial one. The consequences of an accident may be very serious, and limits of a few hundred pounds are likely to prove totally inadequate.

The classification of trades does not extend very far, as practically all trades are taken at a flat rate with the exception of job masters and cab proprietors, newspaper delivering, omnibus, coach, brake, charabanc, and wagonette proprietors, and parcel delivery agents, where an additional 25 per cent is charged.

Where necessary the legal liability of the insured in respect of death of or bodily injury to passengers (other than persons in the insured's service or members of his family) whilst entering into, dismounting from, or being conveyed in the insured vehicle, and legal liability in respect of damage to passengers' effects accompanying the passenger, may be covered for an additional premium which is calculated at so much per seat upon the maximum number of seats which may be in use at any one time having regard to the number of drivers.

The premiums are subject to adjustment at the end of the year of insurance when the insured is required to furnish a return of (a) the maximum number of drivers employed at any one time, (b) the maximum number of horses owned and/or hired at any one time, and (c) the maximum number of horses used in the business and attached to a vehicle at any one time.

On this return the insured is charged an additional premium or allowed a rebate according to whether he has exceeded or has not employed the number insured for.

The extent of the insurance is clearly set out in the policy, a copy of which is shown inset.

DRIVERS' THIRD PARTY INSURANCE.—(See DRIVERS' ACCIDENTS INSURANCE.)

DRIVING ACCIDENTS INSURANCE.—(See DRIVERS' ACCIDENTS INSURANCE.)

DRUGGING.—The process of retrieving coal dropped in the water during discharge or bunkering. The drugging fleet operates principally on the Thames at Greenwich Reach. "Drudger men," aided by long poles (hitchers), locate lumps of coal and retrieve them in nets. The coal is washed, taken ashore, and hawked at cheap rates. The trade is a skilled one, handed on from father to son.

DRUGGISTS.—(See CHEMISTS AND DRUGGISTS.)

DRUGGISTS' INDEMNITY.—(See CHEMISTS' AND DRUGGISTS' INDEMNITY.)

DRUG IN THE MARKET.—An unsaleable commodity or a stock of commodities, which are on

hand. Goods of any description are said to be a drug in the market when the supply is so great that they cannot be disposed of to any buyers.

DRY DOCK.—A dock from which all the water can be withdrawn, so that the repair of vessels can be effected.

DRY GOODS.—The name applied to such goods as drapery as distinguished from groceries.

DRYSALTER.—A dealer in salted or dried meats, pickles, etc.; or in gums, dyes, and drugs.

DUAL VALUATION CLAUSE.—It does not follow that the insured value of a vessel is her actual value to her owners. Hull insurance against "all risks" is naturally expensive, and the higher the valuation, the greater the amount of premium. If a shipowner could obtain a sufficiency in amount of total loss insurance, he would be well advised to restrict his "all risks" valuation to a valuation as low as he found acceptable to underwriters, and he would yet be fully covered, for this reason. Claims for particular average on ship are—subject to the limit of insured value—paid without reference thereto. If the amount of damage exceeded insured value, a constructive total loss could be proved under the "all risks" policy, and subsidiary insurances would follow the hull settlement, an agreement to this effect being invariably inserted in policies on freight, disbursements, etc. To control this tendency, insurers in standard hull clauses have insisted on the insertion of a Disbursements Warranty (*qv*), which restricts the extent of subsidiary insurances permitted.

This may not quite meet the position when costs of repairs are out of all proportion to the market values of ships. In such circumstances, a separate value may be agreed for "average" purposes from that adopted for total loss requirements. Naturally a lower rate of premium is payable on the difference between the two valuations, than is paid on the lower valuation.

A clause in the following terms is inserted into the policy—

"Institute Dual Valuation Clause.

- (a) Insured value for total and/or constructive total loss purposes . . . £
- (b) Insured value for purposes other than total and/or constructive total loss £

"In ascertaining whether the vessel is a Constructive Total Loss (a) shall be taken as the repaired value and nothing in respect of the damaged or break-up value of the vessel or wreck shall be taken into account.

"In case of claim for total or constructive total loss (a) shall be taken to be the insured value and payment by the underwriters of their proportions of that amount shall be for all purposes payment of a Total Loss.

"Should the assured by reason of insured perils become entitled to abandon the vessel and to claim a Constructive Total Loss as above but refrain from doing so and the vessel be not repaired, or if she be sold unrepaid, liability hereunder shall be determined as if notice of abandonment had been given and a Constructive Total Loss claimed.

"Insurances under the 10 per cent. Disbursements Clause to be calculated on the amount recoverable for total loss.

"This clause is to be used in conjunction with (Institute) Hull Clauses"

Naturally, valuation (a) above would be the lower of the two

DUE DATE OF BILL.—(See TIME OF PAYMENT OF BILL)

DUGONG.—A species of sea-cow, somewhat resembling the whale. It is found in the Indian and Pacific Oceans, and is valuable for the oil obtained from it, which does not turn rancid, and is frequently employed as a lubricant and in jute dressing. Dugong-hunting is one of the industries of Australia.

DUMPING.—The practice of manufacturers of one country selling in a foreign market cheaper than at home, or cheaper than the actual cost of production

DUNNAGE.—Dunnage is a name applied to miscellaneous faggots, boughs, bamboos, old mats, or sails, and loose wood of any kind, laid in the bottom of the hold to rest the cargo upon. The duty of stowing the cargo in the ship lies on the shipowner and on the master as his representative, unless there is an agreement to the contrary. Moreover, the ship must provide whatever dunnage may be required. Dunnage is necessary to prevent goods being injured by contact with other goods, or with the sides of the ship, and to maintain the spaces required for ventilation and for allowing any drainage, and any leakage of the ship, to pass harmlessly into the bilges.

DUDECIMALS.—Computations which are made by means of twelfths, a method which is found convenient for builders, painters, and engineers in their calculations. The dimensions are taken in feet, inches, parts, etc., decreasing from left to right by twelfths. Inches are spoken of as primes, parts as seconds, and after that there are thirds, fourths, etc. Primes, seconds, thirds, etc., are denoted as follows, whether the measure is lineal, superficial, or solid—

3 primes	by 3'	3 fourths	by 3"
3 seconds	" 3"	3 fifths	" 3"
3 thirds	" 3"	3 sixths	" 3"

and so on, the index being always in Roman figures to distinguish the expressions from 3, 3², 3³, etc., which have totally different meanings.

Square feet and cubic feet are divided similarly to linear feet, and their divisions are known as superficial primes, seconds, etc., and cubic primes, seconds, etc., respectively.

For the calculations which arise out of duodecimals (by the process of what is known as "cross-multiplication"), some standard work on "Commercial Arithmetic" must be consulted.

DUDECIMO.—This signifies a book which is formed of sheets folded in such a manner as to make twelve pages. The word itself is generally contracted into 12mo.

DUPLICATE.—A copy, transcript, or counterpart of anything.

DUPLICATING.—Owing to the increasing necessity of making numerous copies of the same document, it has been found necessary to invent some means by which many copies can be obtained more quickly and less expensively than by the use of carbons in connection with a typewriter. It is for this reason that various processes (as detailed below) have been adopted by which many copies of a single document may be obtained cheaply and with the utmost rapidity.

Composition Duplicators. The use of the Hektograph for the purpose of multiplying circulars,

examination papers, menus, price lists, etc., is not so general as it was before the introduction of the stenciling process. No doubt this is due to the fact that not only are the duplicating powers of the latter far greater than those of the former, but also that its copies are infinitely clearer. Where, however, expense is a consideration, and not more than, say, fifty copies are required, the Hektograph will be found very serviceable.

The composition used in this process was originally only gelatine, but the newer makes of apparatus, such as the Plex, the Grapholith, and the Thelma duplicators, use a preparation of clay.

The directions for use are as follows: Clean the type thoroughly; type the matter with a Hektograph ribbon or pad on a highly glazed hard paper, let the touch be firm and avoid erasures.

If many copies are required, damp the composition in the tray with a wet sponge and remove the superfluous moisture with a fine cloth or with a sheet of newspaper. If only a few copies are required, the composition need not be dampened.

Lay the typed original *face downwards* quite smoothly on the composition, leaving one corner turned up to lift it by when taking it off. Pass the palm of the hand or a light roller gently over the back of it, taking care not to apply any perceptible pressure, and allow it to remain on the composition for several minutes. In the meantime, cut four narrow strips of paper and place them on the composition, slightly overlapping the edges of the original, raise the edges and slip these narrow strips beneath them, rule a pencil line on the strips around the edges of the original to mark its exact position, and to serve as a guide in placing the subsequent sheets.

Now take hold of the original (by the turned up corner) and lift it off the composition; lay a blank sheet of paper in its place on the negative thus obtained, overlapping the strips of paper, and pass the palm of the hand or a light roller gently over the back of it. Remove the sheet and repeat the process as *quickly as possible* for the first fifteen or twenty copies, afterwards allowing a little longer contact and giving rather more pressure.

If gelatine is used, immediately the process is completed, wash the negative off the composition with a sponge dipped in warm water, and dry the composition with a newspaper or soft cloth.

Should the surface of the gelatine become uneven from repeated use, remove the composition from the tray and put it into a tin. Place the tin in a saucepan of boiling water and allow it to remain until the contents are melted. The tray must then be placed on a level surface and the composition poured into it. If any bubbles occur, remove them by drawing a piece of stiff card over the composition from end to end. It should then be allowed to stand for four or five hours, in order that it may be quite firm before it is used.

Lithography. Lithography is an important branch of the art of printing, and dates as far back as the year 1795. The process was discovered by a German named Sennefelder, and introduced by him to a man at Frankfurt named André, who applied it to the printing of music. It is to his son that we owe its introduction into England in the year 1801, but it was at least twenty years later before it was

¹ The slight overlapping prevents the sharp edges of the sheets of paper from working the composition surface of the Hektograph into ridges.

extensively used, and its application to typewritten matter was, of course, at a still later date

The process is unequalled for the reproduction of a large number of typewritten copies, and, unlike so many other duplicating processes, the last copy is equal to the first. It is simplicity itself, so far as the typist is concerned, as the multiplication of copies is the work of the lithographer.

The following points should, however, be observed: That the type be absolutely clean, and a fairly new typewriter will give better results than one with worn type and indented cylinder, as the impression will be sharper. The touch should be *light* and the impression uniform. The matter must be typed on the special transfer paper supplied for the purpose of lithographic work, with a lithographic ribbon or pad, and erasures avoided. As soon as

should be a trifle firmer than for one copy, as the force imparted by the depression of the keys has to penetrate several sheets, and it must be such as to give a uniform impression, which, as every experienced operator knows, does not mean a uniform *depression* of each and every key, but a depression which will bring out the more complex letters with the same amount of density as those consisting of either single strokes or sharp needle-like points.

Again, the carbons must be carefully inserted, as if there is the slightest tendency to crease, the duplicate copies will be disfigured by what are commonly known as "trees", in other words, there will be that which in a drawing would be taken for leafless trees with branches jutting out in all directions.

Carbons are manufactured in two kinds, namely, "semi," which are carbonised on one side, and "full," which are carbonised on both sides. They can be obtained in various sizes and in a variety of colours, black and purple being most in demand.

The method employed is as follows: Clean the type; place the sheets of semi carbon *alternately* between the sheets of paper, facing them all one way, insert in the typewriter with the face of the carbons towards the cylinder. Handle as lightly as possible, and avoid mistakes, as they will run through the whole set of copies, and although they can be rectified, still it is a more lengthy process than with a single copy.

If a greater number of copies is required than can be obtained by one insertion—and the number will, of course, depend upon the thickness of the paper—either repeat the operation or use full carbons and very thin paper. The full carbons, being carbonised on both sides, give an impression from the back as well as the front, and thus additional impression shows through the thin paper and deepens the front impression. The objection,

however, to this method is that the back of the copy is disfigured.

In order both to economise carbons and to obtain the best results, the ends should be reversed each time they are inserted, and when they are not in use they should be kept in a box and not exposed to the air.

Flat Stencil Duplicators. There are so many forms of apparatus for flat duplicating, besides the gelatine process previously described, that a book of considerable size would be taken to describe them. The Ellams, the Mimeograph, and the Cyclostyle, are very similar in construction, and they are so similar in working that a knowledge of one would be applicable to all. For illustration we will deal with the Diaphragm Mimeograph. This is fitted, as its name implies, with a diaphragm, that is to say, a specially woven cloth for the purpose of protecting the wax stencil from contact with the roller. This cloth has ink-proof margins of varying widths, so that by an interchange of diaphragms the same frame can be used for foolscap, draft, or brief copies.

Again, the stencil sheets are in "sets," namely, oiled tissue, wax, and backing sheet, and it is only necessary to place the perforating silk immediately behind the wax sheet, when the set will be ready for insertion in the typewriter, thus obviating the necessity of folding, etc.



MIMEOGRAPH

possible after the typing is completed, the transfer should be dispatched to the lithographers with instructions as to the number of copies to be struck off, as unless the transfer is placed on the stone without delay, the impression may fail to adhere to the stone, and, consequently, the copies will be nil.

One of the newer forms of duplicator, the *Opalograph*, uses a process similar to lithography. The original is transferred to an opal glass plate, from which unlimited numbers of facsimile reproductions may be taken, and the last copy is as clean and as clear as the first. Originals may be used as often as required, even after the lapse of several years.

Manifolding. The process of manifolding with carbons is extensively used when not many copies are required. It is employed for almost every description of work, owing no doubt to the fact that it is, comparatively speaking, inexpensive as well as expeditious, there being no special apparatus required and no after process of "rolling off," as the copies are taken simultaneously with the ordinary copy.

A great deal, however, depends upon the quality of the carbons and the touch of the operator. Inferior carbons have a nasty habit of dirtying the paper with smears and smudges, and, perhaps, nothing reveals the imperfections of the typist's touch so much as the carbon duplicate. The touch

The method of procedure is as follows Clean the type thoroughly , throw the ribbon out of gear, if the machine is fitted with a ribbon , insert the set of sheets in the typewriter, so that the face of the stencil, protected by the oiled tissue sheet, faces the type , type with a sharp touch, striking the more intricate letters, fractions, etc , with a firmer touch than the others, and the punctuation marks very lightly indeed When the cutting is completed, check the matter by the original, preferably before removing the stencil from the machine, and should an error be discovered, correct by tearing the tissue away from the particular spot, blocking out the mistake with the correcting varnish, and typing the correction

Withdraw the set from the typewriter , separate the sheets, and fix the stencil in the printing frame by slipping it up along the base underneath the top of the frame and fastening it to the studs at the back

Place a blotter on the base-board , distribute a small quantity of ink in the enamelled tray by moving the roller in every direction until it is uniformly coated with ink , draw down the frame, and ink up the stencil by passing the roller over the diaphragm from the top downwards, until a good copy appears on the blotter. Run off a few trial copies, and as soon as the impression is clear and sharp, insert a sheet of paper on the base-board , pass the roller *once only* lightly over the diaphragm from top to bottom, keeping the handle of the roller well up Lift the roller, and as the frame automatically opens, remove the sheet, which will be seen to bear a typewritten facsimile of the stencil. All that is then necessary is to repeat the operation until the desired number of copies is obtained, each stencil being equal to a reproduction of from 500 to 1,000, according to the skill of the operator

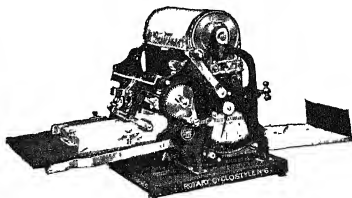
Before putting the Mimeo-graph away, remove the stencil and lay a piece of old newspaper underneath and on top of the diaphragm. Pass the roller firmly over the newspaper to absorb the surplus ink, remove the newspaper and repeat the operation Pour a little of the cleaning fluid on the diaphragm and scrub it with the brush Also sponge the perforating silk with the cleaning fluid , dry it between blotters, and keep it pressed flat when not in use to prevent it from becoming wrinkled

Rotary Duplicator. The rotary method of multiplying copies differs from the flat frame system, in that the copies are rolled off from a stencil stretched around a cylindrical wheel, instead of being fixed on a flat printing frame

No criticisms as to the merits or demerits of the various duplicators will be offered , and those described are mentioned simply because they are well-known makes

Gestetner Rotary Cyclostyle. The strongest feature of this machine, an illustration of which is given here, is the ingenious inking arrangement by which a non-fluid ink is automatically distributed on the machine by a form of printers' distributing

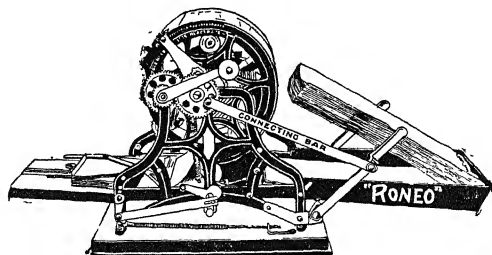
rollers The dripping of ink is impossible, and the distribution is uniform throughout. When more ink is needed on the copies, a line of ink from the tube is squeezed across the top cylinder and the work proceeded with The use of an oil ink on this machine is one of its main recommendations, for oil inks do not dry on the duplicator, and the Gestetner can be put aside for a considerable time



GESTETNER ROTARY CYCLOSTYLE

and used again without any trouble with the inking device The standard model requires three turns for each copy, this being found to impose the least strain upon the stencil, and, consequently, no cracking appears When speed is the first consideration, "one-turn" models are obtainable

Roneo Duplicator. The Roneo machine, of which an illustration is given below, may be worked by hand or electrically driven, and the No 16 model has an automatic interleaving blotter, an ingenious little device for dropping a blotter on each copy as it passes from beneath the cylinder This is especially useful when hard or glazed paper is



RONEO DUPLICATOR

used, but with an ab-sorbent paper it can be dispensed with, as the ink is immediately absorbed by the paper

Under the care of a skilled operator the Roneo will produce from 3,000 to 5,000 copies from a single stencil, but much depends both upon the typing of the stencil and upon the after process of fixing and unking it

To obtain the best results the following method of procedure should be adopted : Clean the type, and if the typewriter is fitted with a ribbon, throw it out of gear Take a sheet of Roneo "films"

paper and insert it in the machine, type with a staccato touch, paying special attention to the more complex letters, such as M, m, W, w, g, and the fractions, otherwise they will fail to give a clean cut, but exactly the reverse applies to the punctuation marks, which should be depressed very lightly indeed.

When the typing is completed, remove the sheet from the typewriter, tear off the protecting sheet, check the stencil, and make any corrections necessary by blocking out the error with Obliterine and re-typing the correction.

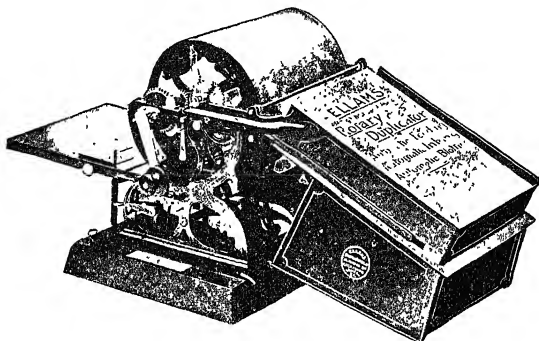
The Roneo must then be inked. First place the receiver and feed board into position, after which fill the ink reservoir. See that the release lever is thrown back, release the ink reservoir lever and give the machine one turn backward *very* slowly, then

important points The automatic feed works on the principle of pushing each sheet along to the impression roller. This is done by means of a feeding roller with two rubber gripping bands, which free-wheels or runs over the paper in the backward movement, that is, while the previous copy is being drawn through by the drum and the impression roller.

Stencilling. The stencilling process of multiplying copies, as used in the machines just mentioned, is extensively employed when large numbers of duplicates are being dealt with, and, although, as we have seen, there are a great many different styles of duplicators, still the principle is the same, no matter whether the apparatus takes the form of a rotary or a flat printing frame.

With the rotary machines, the necessary sheets

for cutting the stencils have always been supplied in "sets" ready for insertion in the typewriter, but with most of the older styles of flat frame duplicators the typist was called upon to arrange these sheets in their respective order, and often was great the perplexity of the beginner as to which should take precedence! Nowadays, however, the tendency is to make everything as convenient as possible, with the view of saving time, and consequently the "sets" have taken the place of the



ELLAM'S ROTARY DUPLICATOR

turn the machine forward two or three times
finally, pull the reservoir lever down and make it
inoperative by locking it to the main shaft

Now attach the stencil thus: Lock the cylinder so that the attaching bar is *in front* of the machine. Tear off the ink protector at No. 1 perforation, place one edge of it under the rear clamp, lay the stencil on the feed-board as if it were going to be read; with the right hand lift the bottom of it, and with the left slip the pocket on to the steel plate of the machine and allow the stencil gradually to fall on the ink pad, with its edge extending over the ink protector. Finally, tear off the backing sheet at No. 2 perforation.

To roll off copies, take a pile of paper and place it on the feed-board, pushing the head of the paper firmly up against the two stops. Slide the gauge along the slot up to the paper; screw it up tightly, and drop the paper weight over the pile. Pull forward the released lever, then all that remains to be done is to turn the handle of the machine, and the paper will be "picked up" automatically by the self-feeding device, and the copies printed at the rate of 100 per minute.

Ellam's Rotary Duplicator. Although apparently similar to the Roneo, Ellam's machine, of which an illustration is given on this page, differs in several

separate sheets, and are a great improvement

These sets, arranged either ready to hand or by the typist, as the case may be, consist of a type-protecting tissue to protect the type from becoming clogged with the wax; a wax sheet for cutting the stencil; a silk sheet to receive the wax, which is expelled from the stencil by the force of the type; and a backing sheet to form a firm backing and prevent the sheets from creasing when the set is inserted in the typewriter.

If the typewriter is equipped with a ribbon, the ribbon is thrown out of gear in order to obtain the full force from the type, and thus to ensure it penetrating the wax and leaving a clean-cut of each character, and it is this very fact of the ribbon being dispensed with that makes the type-protecting tissue necessary on machines which are fitted with a ribbon, but with a pad machine it is unnecessary, as the fact of the type being wet with the ink from the pad prevents the wax from adhering to it, and consequently there is no fear of clogging.

The chief points to be noted in stencilling are—

(a) That the supplies should be obtained from the manufacturer of the duplicator in question, as cheap supplies often prove the dearest, especially where wax sheets are concerned.

(b) That the type should be absolutely clean and

in good condition, as type which has become flattened by continued wear will not give a clean cut

(c) That the cylinder or platen of the typewriter should by preference be a "hard" one, and not full of pinholes or other indentations

(d) That the sets should be handled with care, as wax cannot be treated roughly with impunity.

(e) That the touch should be "sharp," more especially for complex letters; but, on the other hand, it should be as light as possible where the comma, colon, semi-colon, full stop, and kindred signs are concerned

If these points are treated with due respect, and the directions as to printing, which are furnished with each duplicator, carefully followed, then, provided the weather is not tropical, good results are bound to follow; and if the weather should be hot enough to make the wax sheet "soft," then it may be hardened by placing it on a tray over a bath of ice

Type-setting Duplicators. The extent to which duplicating machines were used demanded that the chief drawback to the stencil process, namely, the limited number of copies obtainable from one wax, should be overcome. There was also a demand that the copies should more nearly approximate to specially typewritten letters or documents. With these objects in view, type-setting machines have been introduced, these enabling an office to do most of its own printing without installing a printing press. Once the type is set up, an unlimited number of copies can be obtained without deterioration of quality; and the great variety of types obtainable meet all needs.

The Gammeter and the Roneotype are well-known machines of this class, and a few notes on them may be of interest

The setting up process is slow compared with typing a wax, and at present the process is more expensive, but the extra expense is justified where there is a considerable amount of work to be done.

The complete Gammeter Multigraph equipment is made on the principle of the expanding book-case, thus enabling a firm to install the basic outfit and add to it as the business grows or the machine replaces the printer. There are a number of special attachments obtainable, these including—

The Automatic Paper Feed, which will feed accurately, in perfect registration, any substance from a thin bank paper to a card

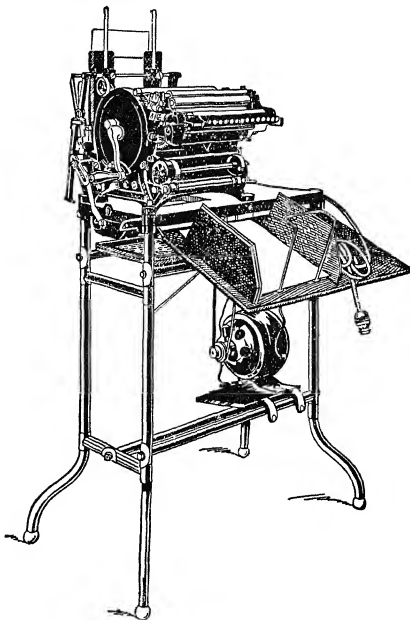
The Printing Ink Attachment, with which the machine becomes a perfect printing press

The Signature Device, by which the machine is enabled to produce letters with the signature in any colour at one operation

The Electric Power Device, which increases the output, giving speeds of from 2,000 to 6,000 per hour.

The complete machine is illustrated on this page. The Roneotype was introduced in 1908. This

is a duplicating machine which prints direct from type through a wide typewriter ribbon, reproducing typewriter work of every description. A printing attachment can also be obtained which turns the machine into a really efficient office printing machine. The setting up and distribution of type are done on a separate machine, when set up the type cylinder being transferred to the printing



GAMMETER MULTIGRAPH

machine. The running off is then much on the lines of the Roneo stencil duplicator. An illustration of the Roneotype is given on page 652.

The Patent "Gestepprint" Process. In this process any subject, from letter-headings to the most complicated engineering drawings, including sketches of all kinds, can be reproduced upon Gestepprint Stencils, the printing of copies being carried out in an exactly similar manner to the printing of facsimile typewritten letters, using the same machine and by the same operator

(See also PRESS COPY)

DURATION OF RISK.—(See MARINE INSURANCE.)
DURRA.—A genus of grasses which is extensively cultivated in Africa, the East Indies, and in the South of Europe. It is also known as durra

millet, Indian millet, and sorgh grass. The common durra is a coarse, strong grass, with a round grain, slightly larger than a mustard seed. In Africa it is used as a substitute for flour and for rice. The leaves of one variety, known as Kaffir corn, are used as a cattle food. Another variety is the *Sorghum saccharatum*, or sugar grass. The trade in this article is on the decline.

DUTCH AUCTION.—An auction in which an article is put up at a maximum price, which price is gradually lowered until some person expresses his willingness to close with the offer made.

DUTIES.—These are taxes which are levied upon

special manager, or trustee, execute powers of attorney, conveyances, etc., and do such acts as may be reasonably required by the official receiver, special manager, or trustee, or directed by the court. He must also, on the request of the official receiver, furnish trading and profit and loss accounts for a period not exceeding two years before the date of the receiving order. He must, if adjudged bankrupt, aid to the utmost of his power in the realisation of his property, and the distribution of the proceeds among his creditors. If a debtor wilfully fails to perform his duties, or to deliver up property which is divisible amongst his creditors, and which is in his possession or under his control, to the official receiver, he may be guilty of a contempt of court.

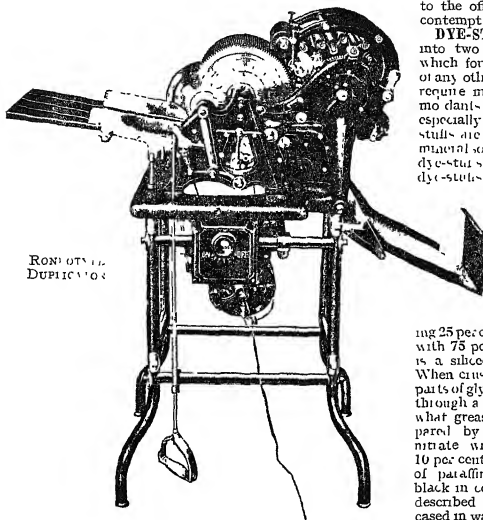
DYE-STUFFS.—These materials are divided into two main classes, viz., substantive dyes, which form insoluble pigments without the aid of any other substance, and adjective dyes, which require mordants to fix the colour. The chief mordants employed are the various metallic salts, especially those of tin and iron. Natural dye-stuffs are obtained from animal, vegetable, and mineral sources, but the great majority of modern dye-stuffs are of synthetic origin. The principal dye-stuffs are dealt with individually.

The manufacture of dyes, formerly almost entirely in the hands of Germany, is now one of the most important key industries of Great Britain, owing to Government financial support and the regulation of imports, together with the organization of technical research.

DYNAMITE.—A powerful explosive, generally prepared by saturating 25 per cent of an absorbent, usually kieselguhr, with 75 per cent of nitro-glycerine. Kieselguhr is a siliceous earth found chiefly in Germany. When crushed and sifted, it is mixed with three parts of glycerine, kneaded into a paste, and passed through a sieve. The result is a reddish, somewhat greasy solid. Dynamite may also be prepared by mixing 71 per cent of potassium nitrate with 18 per cent of nitro-glycerine, 10 per cent of powdered charcoal, and 1 per cent of paraffin. The dynamite thus obtained is black in colour and rather drier than that first described. Dynamite is made up in cartridges cased in waterproof paper. Small quantities may be burned without danger, but when exploded with a detonating fuse, it is very violent in its effect. It is not influenced by damp, and is, therefore, widely employed in submarine operations. It is much more powerful than either gunpowder or gun-cotton, and is chiefly used for blasting purposes. Gelatin-dynamites, containing gun-cotton instead of kieselguhr, have several advantages over ordinary dynamite, and replace it to a large extent as a blasting agent.

DYNAMO CLAUSE.—This is a clause which is inserted in policies of fire insurance when electro-motors, dynamos, or other working electrical machines or apparatus are insured. Other names for it are *electrical clause* and *over-running clause*. The usual wording is—

"The Company will not be liable for damage to any dynamo, transformer, motor, or other working machine or apparatus caused by its own over-running, excessive pressure, short-circuiting, or self-heating."



ROBERTSON'S
DUPLICATOR

merchandise and manufactured goods. Those which are imposed upon goods coming into the country are called customs, and those which are imposed upon goods manufactured in the country are called excise. The amount of the taxes levied varies according to the demands of the Government for the time being. (See CUSTOMS FORMALITIES, EXCISE.)

DUTY OF DEBTOR.—The duties of a debtor against whom a receiving order has been made may be thus summarised. He must attend court at the hearing of a petition, and undergo his public examination (see PUBLIC EXAMINATION), prepare or assist in preparing the statement of affairs (see STATEMENT OF AFFAIRS), attend the first meeting of creditors (see MEETINGS OF CREDITORS), and submit to such examination and give such information as the meeting may require. The debtor must also give an inventory of his property, a list of his creditors and debtors and their debts, attend meetings of creditors, wait on the official receiver,

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E.—This letter occurs in the following abbreviations—

E.E	Errors excepted
e.g	For example (Latin, <i>exempli gratia</i>)
E. & O.E.	Errors and omissions excepted
et seq	And the following (Latin, <i>et sequentia</i>)
Ex cp, or x/cp.	Ex Coupon
Ex D, or x/d.	Ex Dividend.
Ex Int	Ex Interest
Exch	Exchange
Exct, Exec	} Executor.
Exor	
Execx	Executrix.

EARLY CLOSING.—(See **SHOP HOURS ACT**)

EARMARKED.—When accounts are kept generally, and money is paid over for more than one purpose, there is nothing to indicate that a portion of it was paid over on one account rather than on another. It is to avoid difficulties that may arise from this cause that special instructions are sometimes given by which money is allocated to one particular purpose, and cannot be devoted to anything else. It is then said to be "earmarked." Thus, if a customer pays into the credit of his account at a bank an amount expressly to meet a specified cheque or a bill of exchange, the credit is earmarked, and the banker cannot use the money for any other purpose whatever.

EARNEST—EARNEST MONEY.—A sum of money, generally nominal in amount, which is given as evidence of a concluded bargain. By the fourth section of the Sale of Goods Act, 1893, where the value of the goods sold is £10 or upward, the contract must be evidenced by some document in writing, or by part payment, or by something which is given in earnest. (See **SALE OF GOODS**)

EARTHENWARE.—A general name for cheap crockery and ordinary pottery ware. (See **POTTERY**)

EARTHQUAKE DAMAGE INSURANCE.—Damage resulting from earthquake in the United Kingdom is included in ordinary fire and "Comprehensive Household" policies as far as the contents of private houses are concerned, and damage to the buildings from fire caused by earthquake is also included. Damage to the buildings by earthquake shock can be added at a cost of 1d per cent. As regards business premises, the risks can be added to fire policies on payment of additional premiums, which are usually charged at the rate of 6d per cent for the fire risk and a further 6d per cent for the shock risk.

In countries which are subject to severe earthquakes, fire policies contain very stringent clauses barring all claims for damage directly or indirectly caused by earthquake, and they are willing to insure the risk, if at all, only to a very limited extent and at high premiums. Any general acceptance of the business is impossible, as it would involve running a "catastrophe" risk which might easily

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cause the insolvency of even the strongest company (See **SPECIAL PERILS INSURANCE**)

EASEMENTS.—An easement may be defined as "a privilege without profit which the owner of one neighbouring tenement has of another, existing in respect of their several tenements, and by virtue of which the owner of the one (called the servient) tenement is obliged to suffer or not to do something on his own land for the advantage of the owner of the other (called the dominant) tenement." There are many easements known to English law, good examples being rights of way and light which the owner of one tenement has over an adjoining one, or the right of a riparian owner as against a higher riparian owner to a continuance of the accustomed flow of water, as to both quantity and quality. Easements must be carefully distinguished from two classes of rights to which they bear a superficial resemblance: (1) Personal licences, e.g., a permission granted to a particular man to walk along a certain way. This is merely a personal privilege to the licensee, whereas an easement belongs to a man as being the owner of a given tenement, that is, it is said to "run with the land." Further, a licence is usually revocable at the pleasure of the person giving it, though a revocation in defiance of a contract may subject him to damages. (2) Profits à prendre, i.e., rights to take something off the land of another person, as where a man has a right to cut turf from another's land.

Acquisition of Easements. Easements may be acquired, in the first place, by express grant, which at common law had to be by deed. No particular words of grant are necessary, and nowadays if an owner agrees, even orally, to grant an easement to an adjoining owner who, on the faith of the agreement, alters his position, he cannot afterwards deny the validity of the easement on the ground that it was not granted by deed. The easement may be for an estate analogous to fee simple, or for any smaller interest. Easements may also, in some cases, arise by implication of law. Thus, if a man grants a house, and himself retains adjacent land over which the windows of the house look, and from which they derive their light, he cannot (unless he expressly reserved the right) build on his own land so as to obstruct them, for a man may not derogate from his own grant. The commonest method of acquisition, however, is what is called "prescription." This method depends on open, peaceful, and uninterrupted enjoyment, for at common law if it could be shown that the easement had been enjoyed uninterruptedly since the time of Richard I, the law presumed that it had been validly granted by a deed of grant since lost or destroyed. Subsequently the courts were willing to presume a grant made and lost in modern times, such a presumption arising from uninterrupted user, as of right, for even so short a period as twenty years. The Prescription Act, 1832, under which a prescriptive title is generally sought to be established, provides that no claim to any way or other

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easement or to any watercourse, if actually enjoyed for twenty years by the person claiming, shall be defeated by showing that it was first enjoyed at any time prior to such period of twenty years; but such claim may be defeated in any other manner by which it could be defeated at the passing of the Act, and if the easement has been enjoyed for forty years, the right to it is absolute, unless it has been enjoyed by agreement contained in a deed or writing. The easement of light is specially dealt with, the Act providing that if it has been actually enjoyed for twenty years, the right is to be absolute and indefeasible, unless the enjoyment has been by some consent or agreement in a deed or writing. It is to be observed that these provisions only regulate the acquisition of the easement, and do not affect in any way its nature or extent, and accordingly it has been held that a person alleging that his easement of light has been interfered with must, notwithstanding that he can show uninterrupted user under the Prescription Act, show that the obstruction is a nuisance to his premises, the test of nuisance being whether sufficient light is left to the plaintiff's premises for the same to be used and enjoyed comfortably according to the ordinary requirements of mankind.

Disturbance of Easements. If an easement is interfered with to a substantial extent, a nuisance arises, actionable at the suit of the person owning the easement. Unless there is substantial injury, no actionable nuisance arises, *e.g.*, no nuisance is caused by obstructing a way, if it is still commodious according to ordinary notions, or for obstructing light, if sufficient remains for the dominant tenement to be still comfortably enjoyed for the ordinary purposes of mankind. The remedy for any such nuisance is by abatement or action. Abatement consists in the aggrieved party himself entering the servient tenement and removing the nuisance. Such abatement must, however, be carried out personally, and in such a way as to cause the least possible damage, and must not involve a breach of the peace. Abatement is, therefore, a somewhat risky remedy, an action being safer. In an action, damages may be obtained, and an injunction granted at the discretion of the court. The action may be in the county court if the rent or value of neither tenement exceeds £100, otherwise it must be brought in the High Court.

Transfer and Extinction of Easements. An easement cannot be transferred apart from the dominant tenement to which it appertains, and passes with a conveyance of that tenement without express mention. Extinction takes place (apart from the destruction of either tenement) by release, unity of seisin, or statute. A release may be either express or implied. At common law it required a deed, but at the present time a plea that an alleged release was not granted by deed would not be permitted, if inequitable. Unity of seisin arises whenever one owner becomes seized in fee simple of both tenements. Extinction by statute may occur by direct provision, or by implication, and frequently takes place under such statutes as the Land Clauses Consolidation Act, 1845, or the Railway Clauses Consolidation Act, 1845.

EAST AFRICA PROTECTORATE.—This territory is now known as Kenya Colony (*q.v.*)

EAST INDIES.—The East Indies, or Malay Archipelago, occupy the immense island-strewn region lying on both sides of the equator, between

the meridians of 95° E and 135° E, and extending 30° south of the 20th parallel of north latitude. With the exception of the Philippines (which are American), North-West Borneo (which is British) and the eastern part of the island of Timor (Portuguese), the whole territory forms the magnificent possession of Netherlands-India. Physically and biologically the islands divide into two distinct parts. A submarine plateau, hardly 50 fathoms deep, stretches from the Strait of Sunda east to about 118° E, while beyond that line to a bank close to Papua, extends a deep sea with deeper basins. Wallace's line, which passes through the Strait of Macassar and between Bali and Lombok when prolonged through the outer margin of the Philippines and Formosa to the Asiatic mainland follows the ancient shore of the continent of Asia. The islands to the east (with the exception of Celebes) rising out of deeper water, once formed part of a greater Australasian continent. From the Asiatic plateau rise the Philippines, and the Greater Sunda Islands (Sumatra, Java, and Borneo). Over the deeper eastern seas stretch the Celebes, the Moluccas, and the Lesser Sunda Islands, a chain 1,200 miles in length, from Lombok to Timor-Laut. West of Wallace's line, the island forms of life are the same as, or closely related to, those of Asia, while to the east they are in most cases unmistakably Australian. Celebes, wrapt in the mists of the unknown, has its own peculiar fauna, whose affinities are Asiatic.

Relief. The archipelago is extremely mountainous and extremely volcanic. A great seismic line of weakness, marked by volcanic and earthquake phenomena, extends south from Japan, through Formosa and the Philippines, to Celebes. Its complementary line runs from Burma through the Andamans and Nicobars and Sumatra to Java, Sumbawa, Flores, Timor, and the western end of Papua. Extensive lowlands appear only in Borneo, Sumatra, and Java. The geological structure of many of the islands is still unknown. In Sumatra, Borneo, the Philippines, Celebes, and Timor, ancient rocks occur, but most of the others are composed mainly of Tertiary strata, over which volcanic ejecta are piled to an enormous depth. Rivers, several of considerable length, exist in immense numbers, but few are of much commercial importance. The coast-line shows great variations, from rugged and broken to swammy and flat. So steep and broken are the islands that navigation, save in small boats, is seldom practicable.

Climate, Vegetation, and Fauna. To a large extent the climate of the Archipelago is unknown, owing to the dense virgin jungle, which hinders the exploitation and exploration of the islands. Generally, however, the climate is tropical and humid, and with the exception of the Philippines, part of which lies within the region of typhoons, the Archipelago does not experience violent extremes. Along the equatorial belt, some four degrees wide, abundant rains fall throughout the year. Elsewhere there are wet and dry seasons, November to March being the wet period south of the equator, and March to November, the wet season, north of the equator. Both the South-west and the North-east Monsoon bring abundant rains.

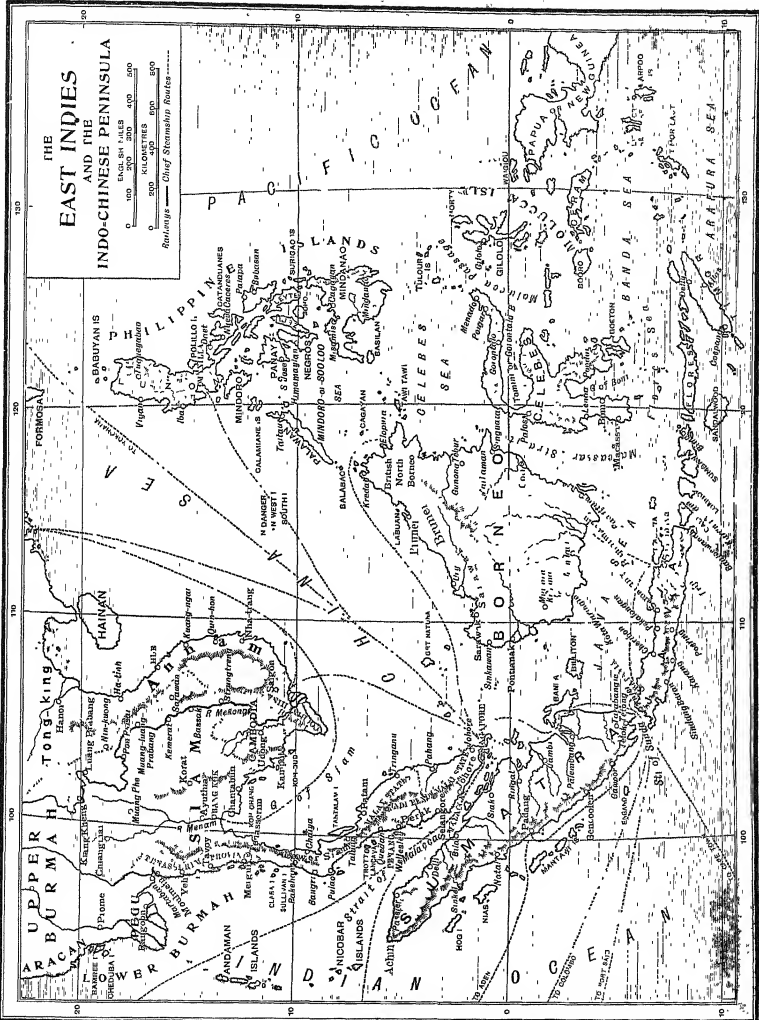
The vegetation of the islands is excessively rich and extremely varied. On the west side of Wallace's line, from the water's edge to an altitude of 7,000 ft., tropical primeval jungles occur, containing palms, bamboos, Euphorbias, Papilionaceae,

THE EAST INDIES AND THE INDO-CHINESE PENINSULA

0 100 200 300 400 500
ENGLISH MILES

0 100 200 300 400 500
KILOMETRES

— Chief Steamship Routes —



Artocarpeae, Altingias, laurels, oaks, and Diptero-carpeae. Animal life is represented by monkeys, tigers, rhinoceroses, tapirs, elephants, deer, woodpeckers, trogons, barbets, and pheasants. In the eastern islands the flora is Australian in type, and marsupials and monotremes are found. Among the trees are Eucalyptus, Casuarinas, Acacias, and Cycads, and among the birds are cockatoos, cassowaries, and Birds of Paradise.

Native Peoples. Generally speaking, the archipelago is peopled by Malays, who are mostly Mohammedans, and Melanesians, who are nearly all pagans. The Malay predominates in the west, but has spread to the Sunda Islands and the Moluccas, the Melanesians occupy the more eastern islands. The typical Malay is a short olive-brown, round-headed Mongolian, with straight hair, bare face, wide cheeks, and slightly oblique eyes. He is sedate, morose, ceremonious, yet revengeful and cruel, and has adapted himself to a seafaring life. The Melanesian is a sooty-brown Ethiopian, tall and bearded, with a long head, covered with a mop of frizzy hair, and a narrow face with a prominent nose. In temperament he is lively, boisterous, and fond of acting and gambling. Low Malay is the *lingua franca* on the coasts, but each island has its own dialect, or language, and several languages may be spoken in one island.

Economic Conditions. With the exception of Java, most wonderfully developed by the Dutch, the islands are still largely the great strongholds of wild nature. Riotous jungles, difficulties of labour and transport, and the mountainous nature of most of the islands, make the task of development arduous and slow. Natural resources—vegetable and mineral—are abundant, promising a vast return when sane methods are adopted. The forests yield teak, ebony, and sandalwood, and the plantations and clearings furnish spices (nutmegs, cinnamon, pepper, cloves), sago, macassar oil, rubber, coffee, cane sugar, rice, tobacco, tea, cinchona, copra, maza, cassava, soya beans, cacao, tropical fruits, guttapercha, and camphor. Very extensive discoveries of minerals have been made throughout the archipelago. Sumatra produces coal, petroleum, lead, copper, and gold, central Java is important for petroleum, Banca and Billiton yield tin, Celebes and Timor have gold deposits, and iron ore occurs on most of the islands. Transport is in a very undeveloped state, jungle tracks often taking the place of roads. Java has, however, good rail and road transport, and Sumatra and Borneo show development. Malay, Arab, Chinese, and European civilisations have only touched the fringe of the archipelago, but full economic development, though probably slow, is a certainty of the future.

Each of the principal islands is noted under a separate heading, or dealt with under the country to which it belongs.

EBONITE.—A hard, black, horny substance, also known as vulcanite. It is a mixture of caoutchouc and sulphur, which is exposed to a high temperature, and is then pressed and polished. It is used for a variety of purposes, toys, combs, and stethoscopes being among the articles manufactured from it. High-grade ebonite is not acted upon by acids or alkalis, hence it is used largely in the manufacture of pumps, pipes, taps, and other appliances in the vinegar and chemical industries. It is also employed as an insulating material in various electrical and wireless apparatus. (See CAOUTCHOUC.)

EBONY.—The heart wood of various trees of the

order *Ebenaceae*. It is noted for its hardness and heaviness, and is generally black in colour, though red and green ebony are found in Madagascar and Tobago respectively. The best black ebony comes from Mauritius, and is greatly valued by cabinet makers and pianoforte manufacturers. Small articles, such as door knobs, piano keys, and knife handles, are also made from it. Ceylon exports considerable quantities of black ebony.

ECONOMICS.—Economics is usually regarded as a branch of the larger subject, Sociology, "the science which treats of the nature and development of society and social institutions."

The term "Political Economy," which we now call "economics," is derived from three Greek words, *polis*, a city; *oikos*, house; and *nomos*, law or rule. In effect it means "house rule in the state," and is a recognition that humanity increasingly views itself as one family, and whether by intention or the force of circumstances, discovers rules and laws in life comparable with household rule and management.

No attempt to discuss economics is entirely successful that cuts it off from the larger science of sociology, just as no household laws are understandable or workable that cut out human nature. Economics is not an exact science for this reason, but many of its subjects are capable of being broken up into compartments, in some of which precise laws can be ascertained and definite issues stated with good workable results.

The definition, "a study of wealth," sometimes given to economics is useful if not very complete, for wealth is here understood to be "anything that can satisfy a want," and such a comprehensive, yet sharply distinctive word, enables us to think of labour, capital, organisation, production, distribution, money, exchanges, and transport apart from the psychological processes with which they are constantly involved.

A good method of approach to the subject as a whole is that which takes a survey of man's evolution—history. It is necessarily a method in which average generalisations must serve, where precise data cannot be found.

We may think of man at the stage where the single family was the unit of human life, the home a cave, and the nearest neighbour a foe. Yet even here, when the fisherman found that his nearest neighbour, a hunter, would gladly change the flesh of a wild boar for some of the fish he had caught, relations of mutual toleration would begin and later lead to fuller partnership. There were times when the peril of snaring a wild animal would be too great for one man alone, when the work of carrying and hollowing out a tree trunk to serve as a canoe required assistance a neighbour could give.

The present economic system has been brought into being by man's constant endeavour to accommodate himself to circumstances in order to live. We see him first as the "gatherer" rather than the "maker," finding in fruit and later in the flesh of fish and animals, his sustenance. We see him using natural caves as homes and the skins of animals as garments.

By the very hardships he endured he progressed, and with advance came increase in populations and further charges upon his powers. We see him a creature of three zones: the tropics, where life was easy and development slow, the frigid regions, where life tended to be impossible, and the temperate, where man's creative instinct best discovered itself.

We can see man as passing through an education of peril into neighbourliness. Obligated first of all to unite with his fellows against the depredations of wild beasts, and later to unite in division of labour and spoils, where space became too narrow for warring units, the family grew into the tribe and the tribe into the petty nation.

Man, as the collector from the bounty of nature, learned his first lessons of interdependence in a crude and incomplete manner. But when necessities of population changed him from a hunter to an agriculturist it became more and more necessary to be gregarious.

Within the range of 300 years we have seen the history of America retell the story of man's different stages of economic development.

The Indians were hunters. When the agricultural settlers came they conquered the Indians, not so much by force of arms as by the fact that they could obtain more nourishment and wealth from the land than could the Indians. The hunters, needing more than a square mile to gain what the agriculturist could obtain from an acre, moved westward in order to live. The white man reached out after him, adding to his fields as population grew. Later came the cities, and then it was the time for the agriculturists to follow the hunters more and more to the west, while science and machinery became necessary to make the city possible.

So here we have three stages of development in which men more and more come into a condition where "house-rule as applied to the state" becomes necessary.

The student of economics must always keep the subject of population before him, for the growth or diminution of the numbers of persons in a given area is one of the soundest tests that can be applied to the success or failure of an economic system.

It is part of the difficulty of any study of the subject, that if the economic methods of a country make for prosperity its population increases, and equally where the methods are bad the population lessens. This is brought about by natural means quite as much as by the movements of people. When conditions are easy marriage is more frequent and the birth rate higher, emigration largely ceases, and new settlers arrive.

In this way the sound economist creates problems as rapidly as he solves them. It is prosperity that builds great cities like London and New York. London of to-day is an effective answer to the riddle of "the hungry forties," but London of to-day sets difficult tasks of production and distribution, the satisfactory solution of which will bring new problems by enlarging the city.

Another important factor is the constantly changing ideal of comfort. In this country, for example, the household conditions of one of William the Conqueror's barons would almost certainly be regarded as unsatisfactory for a present-time working-man's home.

There is no limit to human capacity for comfort or convenience. The luxury of one age is the common necessity of the next. In our own generation we have seen the millionaire's toy, the motor-car, give promise of becoming the workman's necessity.

New conditions, too, make demand for new services. Medical and sanitary bungling may have sufficed for the squire and his scattered tenantry—but in the teeming city these must be skilled and scientific or millions thus crowded together would perish in vast contagions.

The basis of economic wealth is movement. Man learned to move himself for safety and in order to find his food. In later developments he learned to move other things than himself. His primitive idea is yet the greatest of all ideas in economics: that Nature is the great provider and man's task is to make such movements as enable the things provided to flow into his lap.

Primitive man moved the decoy portion of food so as to attract the wild boar to the right place, then moved the rock above him that it might fall and kill him. Highly developed man moves the subtly built portions of the machine each into place, moves the materials for his fire beneath the great boilers, and lo! 10,000 horse-power is generated.

Hunter or agriculturist, tool user or scientist, in every age the great primary act of man has been the intelligent use of transport. His little power used in moving the plough over the fields and scattering seed has never been comparable to the enormous powers of nature worked out in each tiny ear of corn. His arrangement of cranes and lifts of wheels and machinery has been a small thing compared with the energy resulting from the burning of long buried forests.

Henry Ford, one of the soundest writers on economics of modern times, tells of his boyhood work on his father's farm and of his dream of agricultural machinery. It grieved him to see the delicate fibres and muscles of the human frame strained and damaged to do ineffectively what Nature's power could do well if rightly applied. He tells of the farmer, day after day toiling and straining under heavy loads of water that a few yards of pipe would bring in an endless flow.

We do well to keep before us in this study that man's chief work in relation with wealth is the performance of those movements that most effectively place the riches and powers of Nature at his service.

When we think of economics in terms of production and distribution we are again reminded of the effects of expanded populations and raised standards of living. Simultaneously with the increase in the problem of providing the simplest necessities for all, the range and numbers of luxuries increase. Nor is this all, for with the changes many of these become added to the essential things of life.

Thus, a man in a simpler age might regard a half-an-hour's ride in a vehicle as strictly unnecessary to his life, but in a crowded city hundreds of thousands of persons must have this experience twice a day in order to be able to live. "The gardener, Adam, and his wife" could dispense with a newspaper or a latch-key, but we would find it hard to abandon either.

None the less, like primitive man, the modern man requires certain irreducible supplies in order to find existence possible, and the task of the economists must always be concerned with the way in which this shall be obtained. He can measure the success of his system in "calories" as one good test; for it is not an ideal or sound economic condition when any measurable portion of the people does not get sufficient food for health.

"House rule in the state" has to reckon with the fact that the teeming city may be thousands of miles from the fields that grows its corn. This is a terrific problem in itself and one that entirely discounts the notion that modern complexities, such as banking, exchanges, and methods of credit and

payment, are more excrescences upon human life awkward and clumsy these things may be, but they constitute a part of man's solution of a first problem. "the hungry mouth and the food to fill it."

In a study of economics the two words, "capital" and "labour," are used with a variety of differently shaded meanings.

Here are two ways of stating the relation of the two. They are apparently opposed, but both are possible of defence—

(1) Capital is the unused fruit of labour. The man who grows in the year more corn than he consumes during that period, has accumulated capital, comprised of that unused balance. If, in addition, he has made a table or chair during the year or has studied a book that will tell him how to grow more corn he has added to his own and the world's capital. What he adds has a diminishing value, for the corn will deteriorate unless new labour is put to store it, furniture will wear out and his mental knowledge be lessened by the fact that he grows older.

(2) Capital is the source from which man derives his all. He is now, as he ever was, the gatherer of harvests and the collector of Nature's gifts. Labour is the exercise of the gatherers' ability. The arrangement of things so as to gather more successfully, and the builder of machines and the storer of the intellect all work to the same end.

That he should reckon his material for such gathering, and the arts, books, luxuries, and conveniences that make him a swifter and better gatherer, as part of the capital is natural. That he should also so regard unused balances of what he takes and rights and facilities to do this work in the same way is also understandable.

The economist's relation with capital and labour makes him desire to classify what is meant as far as he can under different headings. In this general article upon the subject nothing more than an introduction of these can be attempted. The chief subjects referred to will be found under the different headings.

Labour has been classified in different ways. Here is one rough classification: (1) Unskilled (2) Skilled (3) Creative or specialist (4) Sub-management (5) Creative management.

Capital can be divided as—

(1) Natural, (2) material, and (3) mental.

As examples (1) A growing field of corn, (2) a block of city offices; and (3) a surgeon's skill.

The third great factor involved in the use of capital and labour is organisation.

Organisation calls into being, discovers, and specialises many services. Much of the most successful organisation in life is that which evolves in what may appear to be disorderly chance. Yet this is probably the best way that it can happen, as thus the natural organiser emerges by his own sheer ability and justifies himself by his results.

The sound economist sees the larger problems of the human family as of a nature comparable to the flow of the great tides of the ocean and believes in such freedom of conditions as permit these tides to flow naturally.

As an example the demand of 5,000,000 persons packed together in a great city, for bread, can be met by distant harvest fields. How that demand shall be met as a problem of one organised method may be a question to be answered in special seasons of war or disaster. But as the daily and hourly problem, such a case were better left to the chance

organisation of 10,000 than conceded to the autocratic organisation of a single person or committee.

The illustration of the tides helps us to see the advantage of letting the natural laws of demand and supply create or evolve their own piecemeal organisation, for though none but a visionary dreams of "sweeping back the Atlantic with a broom," the most careless thinker sees the usefulness of deepened waterways, of locked quay-sides, and of 10,000 localised adaptations of natural laws.

Our economic system may look like localised, piecemeal organisation that "just happened," and bold dreamers often come forward with "simpler and clearer plans." But the whole strength of our present system lies, not in the hope that a few stupendous "managers" may be found in every age to adjust supply to demand, but that the great natural pull of appetite, hunger and necessity, on the harvests of the world cause all humanity to join sub-consciously in the work of organisation.

Broadly speaking, this localised and piecemeal development has led to the erection of thousands of artifices, methods, and enterprises, each group developing its own best men and always tending, unless interfered with, by arbitrary rules of law, or uncontrolled personal tyrannies and greed, to meet the need of the time in the swiftest and most economic manner.

The cynic and the outsider may view, for example, our complicated banking and money systems as wasteful and inefficient. Those who have closer knowledge see them as monuments of the human ability to shape 10,000 separate energies to a single end. Always humanity's organisation is in the growing stage, and always the sign of growth is a seeming inequality and awkwardness of parts.

The part of the economist in national life is to study those laws that operate in our social system, particularly in relation to wealth.

By his investigations he may be able to point out those places in which localised and national adjustments can be made, in such manner as helps toward the greatest good to the greatest number.

It is his work to safeguard by due warning and advice, all that freedom, personal and public, that gives the fullest scope for enterprise and the greatest encouragement to every effort that will add to the wealth of the nations. It is for him to find the adjustments that lead to invention and scientific research.

The economist also should be the adviser to the public and the makers of laws in those cases where some fault in the economic system gives improper powers to a few at the cost of the many.

It is his work to show how the natural laws of supply and demand can be made adaptable to the human conditions of weakness, old age, and childhood, and to discover how wealth may be made to banish extreme penury in the poorest, without interference with its creation, and without causing any considerable section of society to lose that personal knowledge, that man must adapt himself or perish.

ECONOMIC UNIT OF PRODUCTION AND DISTRIBUTION.—That it would not pay for one man to make a complete motor-car or to perform all the operations necessary to manufacture a pin, is universally agreed. The opposite truth is scarcely as much emphasised: that there are some tasks in commerce where division of labour becomes uneconomical. It is probable, as a case in point,

that a jobbing printer who does his own typesetting, printing, salesmanship, and book-keeping, can print a hundred handbills at a price that would not pay a fully equipped works to enter the contract on its books

Between the two extremes of these cases lie an infinite number of instances where there is an economic unit of production or of distribution, and often an important task in commerce lies in determining what that unit may be. The problem is not easy because it is involved with the whole subject of management. Its importance becomes great in a large business where overhead charges are apt to become disproportionately heavy, and there is no saving to counterbalance them on account of cheapened production.

The case was stated some time ago by an experienced manufacturer of a commodity that required skilled work and careful oversight. "I have discovered that in this work one qualified craftsman with two girl assistants constitutes the best working unit. More cheap labour proportionate to the dear is unsatisfactory, and *vice versa*. One hundred men and 200 girls will turn out only a hundred times as much as the single unit, even though they may carry out the operation on team-work principles."

This manufacturer was faced with the problem that in the particular lines in which this law operated, reasons other than cheapness of production had to be discovered or created in order to induce buyers in other towns to buy from him instead of buying from small local factories. Cartage charges and outside packages put an extra 10 or 15 per cent on to his first costs. His solution of the problem was advertising, which, though an additional expense, secured the trade.

In this particular instance the economic unit of production was low, so that the small maker could compete with the big one. The realisation of this fact while a business is still in its local stage, enables the proprietor to avoid unwise extensions unless he can artificially secure the higher prices that may be necessary, in trading over a wider area.

The economic unit of production in many lines may not have its limit inside the factory walls. It may be that a small economy is possible with every increase of output, but that this saving is insufficient to pay the extra costs of securing the added trade. Here it frequently occurs that the economic quantity is the amount that can be sold locally, say, within motor delivery range, or in places where there are no country travelling expenses. The economic unit in this case is settled by the size of the area.

ECUADOR.—The Republic of Ecuador, so called from its position on the equator, was constituted in 1830, when it separated from the original republic of Colombia. Though one of the smallest of the South American States, it is, by reason of its natural features, one of the most interesting. Jungle seaboard, avenues of snow-clad cyclopean peaks, volcanoes active and inactive, fertile valleys with perennial springs, and animal life ranging from the sun-basking alligator to the graceful llama of the paramos, present diversity in interest. Facing the Pacific, where the continent extends farthest west into the ocean, the republic has on the north and north-east Colombia, and on the south and south-east Peru. In shape the country is triangular, its base on the coast, its apex some 500 miles inland beyond the Andes, in the forested region of the Amazon, known as the Montaña. On almost every

side the boundaries have been in dispute, and it is only possible to state that the area is approximately between 116,000 and 276,000 square miles, depending upon the inclusion or otherwise of disputed territories, lying mainly in the Montaña region. The population is estimated at between 1,500,000 and 2,000,000, largely of Indian and mixed blood. The Government consists of a President, elected for four years, and a Congress (Senate of thirty-two elected for four years, and a House of Deputies of forty-eight). Adult franchise is limited to literates. Peonage was abolished in 1918.

Coast Line. The coast, 500 miles in length, is regular, broken only by the great Gulf of Guayaquil into which the Guayas empties, with the island of Puná at its mouth. Guayaquil, the chief seaport, occupies an unhealthy site on the Guayas, 30 miles from the sea, and owing to the tortuosity, narrowness, and shoaling of the river it is not always possible to adopt plane sailing for the ocean liner which calls there on its journey from Panama to Callao and Valparaíso.

Relief. Ecuador consists of three distinct regions—the western littoral, with steep coastal edge leading to deep water, the twin chains of the Eastern and Western Cordillera with the elevated longitudinal valley between; and the Montaña of the east. The principal feature of the coastal zone is the Guayas river with its affluents, the Bodegas, the Chumbo, the Quevado, and the Sapotal, which irrigates the richest belt of tropical territory on the South American coast, brings down the fertile quaternary soil for the cocoa-producing haciendas, and serves as a waterway for the produce of the plantations. In the interior of the littoral, which is about 80 miles wide, up to the foot of the Andes, there are long spurs, and an isolated chain of hills of Cretaceous formation. Scenes of surpassing beauty are presented on some of the reaches of the northern rivers, the Esmeraldas and the Mira.

The Andes of Ecuador consist of two main ranges—the western or Cordillera Occidental, composed of porphyritic rocks, diorite and greenstone, and the eastern or Cordillera Real composed of gneiss and schists, with some granite in the south. Between them is a great valley, flanked by high peaks and snow-covered volcanoes. The principal among these are, on the east the destructive Cotopaxi, 19,600 ft., the highest active volcano in the world, with ten companions ranging downwards to 15,000 ft., and on the west Chimborazo, 20,500 ft., with seven companions ranging down to 14,000 ft., among them Pichincha, the dreaded. Both ranges are connected by mountain knots which divide the plateau between them into ten basins, much broken by spurs and ravines, but sometimes containing plains of considerable extent. The three principal basin-plateaux are those of Quito, Ambato, and Cuenca respectively, with a general elevation of 9,500 to 7,800 ft., which contain some of the principal towns of the republic.

The spurs from the Eastern Andes gradually subside into the Montaña, the forested region of the Amazon basin edge, traversed by the rivers Paute, Morona, Pastaza, Tigre, Curaray, Napo, and the territorially disputed Putumayo. These rivers, falling into the Amazon, are navigable in the aggregate for many hundreds of miles by small steamer and canoe, and provide valuable communication with the outside world.

Climate, Vegetation, and Fauna. Climatic conditions are extremely varied, owing largely to

differences of elevation. From the coast to the mountain summits all the climatic zones of the earth may be passed. Steady offshore winds and the extraction of humidity from the sea breezes by the cold Peruvian current, account for the dryness of the southern part of the Ecuadorian littoral. The northern littoral has a heavy rainfall, for the outward bulge of the continent turns the current seaward. On the low ground the temperature is very high, the annual average at Guayaquil being 82° F., and the general range from 66° F. to 95° F. It has been found that the temperature falls in proportion with elevation at the rate of 1° F. for every 330 ft., and in Quito (9,350 ft.), with a mean annual temperature of 55° F. to 59° F., and a diurnal variation of 10° F., the nights and early mornings are cold and raw. On the Andean basins and on the western slope a hot, wet season lasts from December to May, with February and March as the wettest months. The Oriente, or Montaña, is subject throughout the year to heavy rainfalls brought across the Amazonian plain by the trade winds. Here the heat often becomes oppressive, but there is a wide diurnal variation. The uplands are generally healthy, but malaria is a troublesome affliction upon the coast.

Mangrove thickets clothe the shores of the northern littoral, passing farther inland into magnificent forests, containing rubber vines, coconut palms, algarrobo, chony, robble, bombax cabos, tamarind, toquilla palm, cocco trees, and banana plants. In the southern littoral the vegetation is stunted and the coast becomes barren. Midway up the western forested slopes the Red Bark tree, the richest in alkaloids of all the Cinchonae, flourishes, and up to 10,000 ft. there are great varieties of flowering shrubs—fuchsias, mimosas, lobelias, and gloxias. Upon the cooler uplands, the vegetation is scanty, chiefly consisting of Compositae, and on sandy tracts the cactus and agave grow. Higher still the sterile paramos unfold to the view. Descending the extensive pajonales of tufted ichu grass of the high Eastern Andes into the Montaña there are encountered cinnamon-bearing bushes, graceful palms of many kinds, and enormous forest trees, which yield valuable woods, and in the forests of Loja are the famous trees of *Cinchona officinalis*, the first species that was used for the cure of fever.

The indigenous fauna has a wide range. Among the larger animals are monkeys, pumas, jaguars, tapirs, peccaries, llamas, alligators, anacondas, and turtles. Bird life ranges from the bright-plumaged in the tropical zones to the sombre-coloured of the uplands.

Production and Industries. Ecuador is, to all intents and purposes, a country dependent for the greater part of its prosperity on the success of the cocoa crop. There are large cacao estates on the east side of the bay of Guayaquil and on the banks of some of the tributaries of the Guayas. Cacao far outweighs all other products put together, and Ecuador is a strong competitor of West Africa in the cocoa trade. The banana industry will probably figure considerably in the future. American interests having taken up the systematic exploitation of this fruit. Other agricultural products are coffee, sugar, rice, cotton, tobacco, wheat, barley, maize, potatoes, fruits, and vegetable ivory. Stock-rearing is important on the Andean basins, and savannahs of the west.

The extensive forests supply valuable timber, cinchona bark, rubber, vegetable ivory, toquilla

fibre (for Panama hats), and sarsaparilla. Mining is conducted on a small scale, and an American company has been working a gold and silver mine at Zaruma for the last thirty years. This is the only effective mining concern in the country. Coal of poor quality, copper, zinc, quicksilver, lead, iron, emeralds, rubies, and sulphur exist. A British company is developing oil wells on the Santa Elena peninsula, but it is too early to prophesy whether the industry will prove profitable. Good communications and foreign capital are needed for the full utilization of the many metalliferous minerals.

Manufactures are limited to "Panama hats," cloth, boots, carpets, curtains, hats, matches, cigarettes, cigars, and sugar. The market, therefore, has to depend on imported goods, which are predominantly of American and German origin.

Communications. Roads in Ecuador are poor, those in the interior being merely tracks formed by traffic. The llama is used as a beast of burden as far north as the Riobamba district, beyond which it is replaced by the mule as a pack animal. The main railway of the country, from Guayaquil to Quito, 287 miles, reaches a height of 10,800 ft. on the Ambato plateau, and passes mostly through mountainous country presenting extraordinary engineering difficulties. This concern is an American corporation, promoted mainly with British capital. Other railways are being constructed, and a few short lines are now operating. Steamers on the lower reaches, and canoes and rafts on the upper reaches of the Guayas and its tributaries serve the cacao and coffee regions. Telegraphic, telephonic, and wireless services are inadequate.

Trade. Most trade is carried on with the United States, Great Britain, Germany, and France. The chief exports are cacao, vegetable ivory, coffee, Panama hats, hides, rubber, Cinchona bark, sarsaparilla, mangrove bark, alligator skins, kapok, sugar, gold, cattle, timber, straw hats, bananas, and other fruits, and the chief imports are woven goods, foodstuffs, machinery, clothing, drugs, minerals, cement, vehicles, and hardware.

Trade Centres. Quito (80,000), the capital, situated some ten miles south of the Equator, at an elevation of 9,350 ft. at the foot of Cotopaxi, has a delightful appearance. Red-tiled roofs and white walls glisten in the sunshine against the mountain background of the majestic Cordillera.

Guayaquil (100,000), the chief seaport, extends for several miles along the Pacific coast, presenting a handsome appearance from the steamer. It is a busy and expanding centre.

Cuenca (30,000), in the south, is a charmingly situated town, and the centre of a rich stock-raising and agricultural district. Other towns are Riobamba (12,000), and Ambato, Loja, Latacunga (each about 10,000), Bahía (5,000), and Esmeraldas (4,000).

The Galapagos Islands, which belong to Ecuador, lie upon the equator, nearly 600 miles from the coast. There are five large islands (total area, 2,870 miles) of volcanic formation, which rise abruptly from the ocean bed. Albemarle is the largest island of the group. The islands are remarkable for the giant tortoises or galapagos, found nowhere else in the world except in the Mascarene Islands in the Indian Ocean. On Charles Island there is a small colony of settlers, and a penal settlement on another. The climate is very healthy, but communication with the mainland is infrequent.

Guayaquil is 6,500 miles distant from London. The time of transit is about twenty-four days. (For map see COLOMBIA.)

EDUCATION.—Until the passing of the Education Act of 1921, the most important legislative provisions concerning education were contained in the Education Acts, 1870-1918. By the new Act most of the older enactments have been repealed—and re-enacted with amendments—but the provisions of the statute of 1918 are not yet, *i.e.*, in 1926, fully in force. At present, therefore, the question of education must be considered from its standpoint as established by former legislation. The subject is a large and complex one, and certain aspects of it are still the subject of political controversy. The interested reader would do well to study the Consolidation Act.

EDUCATIONAL ENDOWMENT.—(See CHILDREN'S ASSURANCES.)

EDUCATION AUTHORITIES' MEETINGS.—**Education Committees.** An education committee, which consists partly of members of the council which established the committee and partly of various other persons, may appoint its own chairman. Every scheme under the Education Act, 1921, must provide, *inter alia*, for the inclusion among the members of the education committee of persons of local educational experience and of women. The council by whom an education committee is established may make regulations as to the quorum, proceedings, and place of meeting of that committee, but subject to any such regulations, the committee itself may determine these matters. The proceedings shall not be invalidated by any vacancy among the members, or by any defect in the election, appointment or qualification of any member of the committee.

Minutes of the proceedings of an education committee shall be kept in a book provided for that purpose, and a minute of those proceedings, signed at the same or next ensuing meeting by a person describing himself as or appearing to be chairman of the meeting of the committee at which the minute is signed shall be received in evidence without further proof. Until the contrary is proved, an education committee shall be deemed to have been duly constituted and to have power to deal with any matters referred to in its minutes. The chairman of the education committee at any meeting of the committee shall, in case of an equal division of votes, have a second or casting vote. An education committee may, subject to any directions of the council, appoint such and so many sub-committees, consisting either wholly or partly of members of the committee, as the committee thinks fit. The procedure may be regulated by the council which has established the committee, either special standing orders being drawn up for the purpose, or the council's own standing orders adopted so far as appropriate.

EEL.—A fish of serpent-like form, belonging to the family *Murænidae*, and widely distributed in all fresh waters and seas, except those of the frigid zone. Large quantities are brought to England from Holland and Denmark.

EFFECTS NOT CLEARED.—Unless there is some arrangement to the contrary, such as an overdraft (*q.v.*), a customer is not entitled to draw a cheque upon his own banker for any sum in excess of that which stands to his credit, although a banker will very frequently honour cheques if the excess is inconsiderable, or if he has confidence in the financial stability of his customer. Sometimes a

customer pays in a cheque drawn upon another bank, and the cheque is credited at once to the customer in the bank's books. The position is then rather doubtful as to what should be done in case a cheque is drawn by the customer before the cheque paid in has been cleared. In the case of the *Capital and Counties Bank v. Gordon*, 1903, App. Cas. 240, it was stated: "It must never be forgotten that the moment a bank places money to its customer's credit, the customer is entitled to draw upon it, unless something occurs to deprive him of that right." It is for this reason that a banker generally draws his customer's attention to the fact that he will not honour cheques drawn against uncleared amounts, and if he does so the banker is entitled to mark any cheque so drawn and presented "effects not cleared." No doubt a banker would protect himself completely by printing a notice in all his pass books or on all paying-in slips to the effect that customers are not to be at liberty to draw against uncleared cheques. Some banks have a notice of the following character: "Cheques, etc., for collection, though credited to the account when paid in, are not available for drawing against until the proceeds have been received at the branch." No customer ought, without some special arrangement, to draw a cheque under such circumstances. As to the time required for clearing a cheque, see BANKING ACCOUNT.

EGGS.—This article of food is mainly the product of the fowl, though ducks' eggs and others are also eaten. Most countries supply their own requirements, but Great Britain does an increasing import trade with various parts of Europe, especially Denmark, and with some of her own Colonies. Egg albumen is employed in photographic processes, in calico printing, and in sugar refining.

EGYPT.—**Position, Area, and Population.** Egypt, long a part of the Ottoman Empire, was a British Protectorate during the period, December, 1914, to March, 1922. It became an independent kingdom in March, 1922, when its Sultan, Ahmed Fuad Pasha, was proclaimed king. British troops are still maintained in order to assure the safety and interests of foreigners and the security of the Suez Canal. The country stretches from the mouths of the Nile southwards for 680 miles to 22° N. latitude and Wadi Halfa, where the Anglo-Egyptian Sudan begins. In the east it includes the peninsula of Sinai, and is bounded by the Red Sea. Westwards the boundary is an indefinite line passing through the Libyan Desert. The total area is about 383,000 square miles, but the habitable area, consisting of the Nile delta, and its long, narrow valley varying from 5 to 30 miles in width, is only about 13,000 square miles. Its population numbers about 14,000,000, consisting of Fellâhûn (tillers of the soil), Bedun (shepherds or herdsmen), Berbernes (mixed negro and Arab blood), Copts, and a few Europeans. The chief language is Arabic, and with the exception of the Copts and Europeans, who are Christians, the people are Mohammedans. Britain has given to the Egyptians a wider outlook, a reliable and cheap water-supply, better housing and social conditions, and a higher standard of agriculture, and the future of the country rests with the maintenance of a steady rate of progress.

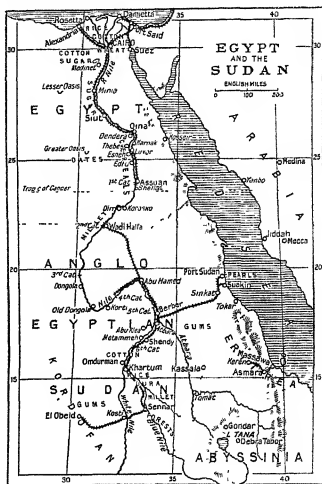
Coast Line. The Mediterranean coast is low and sandy; and lagoons, salt marshes, and irrigation canals hinder communication with the interior. Alexandria, Rosetta, Damietta, and Port Said are the ports. Bars at the mouths of the Nile obstruct

navigation. Along the shores of the Red Sea there is no harbour, and only Suez, commanding the Red Sea outlet of the Suez Canal, is of any importance.

Build. Three regions may be distinguished: (1) Upper Egypt, the narrow alluvium-covered valley of the Nile, from Cairo to the southern boundary, (2) Lower Egypt, the delta of the Nile, from Cairo to the Mediterranean and (3) the Desert Plateaux on both sides of the Nile. The value of the Nile to Egypt cannot be over-estimated, it is often said that Egypt is the gift of the Nile, but it is equally true to assert that Egypt is the Nile. Without the Nile, Egypt would be a desert. From Abyssinia it brings down the fertilising mud, which covers the valley and delta to a great depth, and to which each successive flood adds its quota; in addition to this fertile soil, the Nile provides a means of irrigation, and as Egypt is practically rainless, agriculture is entirely dependent on irrigation—thus the Nile is Egypt, the Nile is Assuan, the Nile is the great Victoria Nyanza, and after losing itself for a time in vast marshes, reaches the Albert Nyanza. Leaving this lake, it descends the lower, northern tableland by a series of rapids, and is joined by the Bahr-el-Ghazal and other affluents. It next flows over a plain overgrown with reeds and papyrus, which are often torn up by winds and deposited in the river, thus forming a thick tangle known as the sudd, and making navigation impossible or difficult. Reaching Khartum, the clear waters of the White Nile are joined by those of the muddy Blue Nile, which rises to the south-west of Lake Tsana in Abyssinia. The Atbara, which joins the united Nile, above Berber, is the only tributary between Berber and the Mediterranean—a distance of 1,200 miles. To the Atbara and the Blue Nile is due the annual rise of the river, commencing in June and reaching its maximum in September. The summer monsoon rains, at the lofty Abyssinian heights, cause the rivers greatly to swell the volume of the main stream. The height of the rise varies from year to year. It is, naturally, watched eagerly, for prosperity and happiness depend upon it, though not so much now as formerly. At Cairo, the normal rise is 25 ft, and this, in former times, meant agricultural success; a rise of 24 ft meant scarcity, a rise of 20 ft meant famine, and a rise of 27 ft meant danger to the embankments. Day and night the embankments are watched by the able-bodied male population, who, if necessary, fortify or heighten the embankments under the direction of engineers. The united Nile's course between Khartum and Assuan is broken by six cataracts, or series of boulder-strewn rapids. Below the cataracts the stream follows a winding path through the marshes, which are worn out by the desert. At Cairo it branched out into a fan-like delta, and falls into the Mediterranean by two principal mouths [the Rosetta (Rashid) and Damietta (Dimiyât)] after a course of 3,670 miles. Besides its uses in irrigation, and its flooding of the plain, the Nile is of importance as a waterway, being navigable without impediment as far as the rapids at Assuan.

Climate. The climate is typically that of the desert, except in the Mediterranean littoral. Daily and seasonal ranges of temperature are most marked, and the heat of the summer days is intense. The annual rainfall is exceedingly small; at Alexandria it is only 8·8 in., and at Cairo only 1½ in. In Cairo and much of the Delta the mean temperature is 53° F. in January, rising to 84° F.

in July, and to 115° F. when the dreaded desert Khamsin blows. In Upper Egypt, where the desert climate prevails, the mean winter temperature is 68° F. (minimum 37° F.), while in summer the thermometer registers 122° F. in the shade. The air of the deserts is dry, pure, and bracing, and contrasts with the comparatively damp atmospheres of Cairo and Alexandria. It is easy to see that the full supply of water from a normal rise of the Nile is necessary for the cultivated area. The British have improved the works at the head of the delta, which control the level of the river at Assuan (Aswān) a dam, and at Assiut (Assyūt), Esna and Zifta, barrages regulate the waters, and



irrigation is assured at all seasons. Towards the end of the Nile flood the sluices are shut down, and when the next flood rises they are gradually opened. Water is drawn off from the dams by deep canals and is distributed to the lower network of irrigation canals. The basin system of irrigation is practised in Upper Egypt. The land on both sides of the Nile, when it is slightly above the level of the valley, is divided into basins or compartments. These basins are connected by shallow canals, which thus admit the flood waters of the Nile from basin to basin. Improved arrangements have been made under British superintendence, enabling the water in the basins belonging to a group in one part of the Nile Valley to be supplemented in times of low flood by connecting canals from the next higher group. Perennial irrigation is effected by the network of canals irrigating the Nile Valley in Egypt. The Aswan, the Bahariya Canal in Middle Egypt, The Fayum depression lying to the south-west of the delta is also irrigated by channels from the Nile, notably by the Bahr Yasuf. Irrigation

depends upon the height of the land above the surface of the Nile. Some areas, known as the "rai," retain their moisture after the river's overflow has retired sufficiently to admit of the ripening of crops; but the "sharala," or areas of artificial irrigation, need the primitive but still effective apparatus of the "sakeh," the "shaduf," and the "tabut," or the more practical modern steam-driven pump.

Vegetation and Fauna. Natural vegetation is extremely scanty, but in every town and village may be seen the *Acacia nilotica* (the aromatic thorn of antiquity), the beautiful and useful palm, the tamarisk, the sycamore, the mulberry, and the carob tree, while ornamental plants, such as the rose, oleander, geranium, iris, and *Poinsettia pulcherrima* flourish in the carefully tended gardens. Among fruit trees, the date palm holds first place, extending in groves along the banks of the Nile, in the oases, and even in the wild valleys of the Sinai peninsula. The vine, orange, mandarin, lemon, melon, and fig are also plentiful in the Nile valley. The Sinai peninsula has date groves in the Wadi Feiran and tamarisk bushes in the principal valleys. Even the Arabian desert is not devoid of vegetation, tamarisk and scattered thorny acacia being found in the high mountain valleys.

The chief domestic animals employed in transport are the camel, horse, buffalo, ox, and donkey, while flocks of goats and sheep form an important source of wealth. A few leopards are met with in the Sinai peninsula, hyaenas and jackals in the old ruins and caves of the limestone plateau, and the long-eared fennec foxes in the desert. The ibex is limited to the mountains of Sinai and the Arabian desert, and antelopes and gazelles roam the lower desert valleys. Sand grouse, red partridge, and quail occur in the deserts; while geese, wild pigeon, ducks, flamingoes, ibis, sultan birds, and herons are found in the Nile valley and delta.

Production and Industries. *Agriculture* is the mainstay of the people (at least 75 per cent obtain their livelihood from agriculture). A large proportion of the agricultural population (Fellahin) are small landholders, their industry is proverbial, and though their methods may seem primitive, they are suited to irrigation and the climate. The Egyptian agricultural year includes three crop seasons. In winter, during the month of November, cereals of all kinds (especially wheat and barley), clover, and pulses, are sown, and are harvested in May and June. The chief summer crops, sown in March and harvested in October and November, are sugar, cotton, millet, fruits, vegetables, and rice. Autumn crops are sown in July and gathered in September and October; they include maize, rice, millet, and vegetables. The cultivated land is at its maximum in winter. Where perennial irrigation is possible, the chief crops are cotton, rice, maize, wheat, barley, clover, lentils, sorghum, tomatoes, beans, millet, pulse, melons, cucumbers, onions, and the sugar-cane. Two or three crops are secured annually on land perennially irrigated, but artificial fertilizing is needed. Lands irrigated by the Nile floods are under millet, and, if low-lying, are drained after flood time, and sown with wheat, beans, or clover. Under basin irrigation, cereals and vegetables are the chief agricultural products. The growth of the population of Egypt, since agriculture has become more assured, has been remarkable. Two oases west of the Nile—

Siwah and Khargah—are noted for their dates. The principal crop is cotton (much of high grade), which in normal years occupies about 32 per cent of the cultivated area, producing some 300,000 tons annually (one-quarter of the world's supply). Cotton constitutes the bulk of the country's exports (both as regards quantity and value), more than two-thirds of the people are dependent on it either in producing, ginning, baling, marketing, or exporting it, and its national importance is such that nearly every social and economic problem and policy of the country is bound up with it. Measures have continually to be taken against the numerous insect pests, especially the pink boll-worm. British agricultural experts have done much in improving operations at the ginneries, fumigating gardens and trees, and recommending various remedial measures. Detailed studies of the rusts and smuts in wheat, barley, and oats, and sore-skin in cotton, have helped greatly in saving and increasing the crops. It should be noted that, with its fertile valley soil, high temperatures, and improved irrigation facilities, Egyptian agriculture has excellent prospects of advancement.

With the exception of abundant building materials, the npanan districts are ill-provided with workable mineral deposits. Egypt's mineral resources, as far as known, are mainly in its deserts at great distances from the Nile, and are, as yet, little developed. Oil, clays, gypsum, gold, manganese, natron, phosphates, pendants, salt, alum, copper, nitrates, and magnesia, have made progress under foreign capital and organization. Petroleum is produced at Hurghada and Gernsa, on the coast of the Gulf of Suez, and refined at Suez, but is far from meeting home demands. About 25,000 tons of phosphates are annually extracted from beds at Qosser, Safaga, and Sebaia, and the Sinai Mining Company has an annual production of about 133,000 tons of manganese ore.

The pastoral industry is, naturally, of minor importance, though live stock forms a large proportion of the wealth of the nomads and warriors of the deserts. Cattle number 585,000, buffaloes, 617,000, donkeys, 614,000, horses, 35,000, and mules, 21,000.

Though essentially an agricultural country, Egypt possesses a few manufacturing industries, and a determined effort is being made by the Government to foster new industrial undertakings and to strengthen those already existing. Apart from the native arts and crafts, the industrial enterprises are largely in European hands. There are textile factories at Alexandria and Shubra, cigarette factories, sugar refineries, cement works, salt and soda factories, pottery works, shipbuilding and repairing works, and railway workshops.

Communications. Egypt was important in past times as a transit land in the lucrative caravan trade between the shores of the Mediterranean Sea and the Indian Ocean. Civilization advancing westwards robbed it of its old importance, but much has been regained by the construction of the Suez Canal. The Nile is useful as a waterway; from Assuan there is an unbroken water route to the Mediterranean, and boats with high lateen sails and river steamers carry on traffic. Navigable canals—the Mahmudieh and the Zagazig—make navigation easier on the delta areas. The chief means of internal communication in Lower Egypt are the railways, and, in Middle and Upper Egypt, the railway and the Nile. There are 2,750 miles of

railway, mostly State-owned. The principal lines radiate from Cairo to Alexandria (and on to Rosetta), Damietta, and Ismailia (continuing northwards to Port Said and southwards to Suez). From Cairo an important line runs southward to Shellal 554 miles, whence there is steamer traffic on the Nile to Wadi Halfa, and the Sudan Railways Westwards from Alexandria (and close to the coast) is a line, which will eventually reach Sollum. There is direct rail communication between Palestine and Egypt, consummated in 1918, when Cairo was connected with the Palestine system of railways by the erection of a swing bridge over the Suez Canal at Kantara, a ferry has since been substituted. Most of the railways are 4 ft. 8½ in. gauge, but from Luxor to Shellal the gauge is 3 ft. 6 in., and on the Western Oases Railway the gauge is only 2 ft. 5½ in. In place of the ponderous ox-drawn wagon, creaking formerly over the few and poor roads, or the felucca crawling along the silent waterway, there are now motor-trucks, speedy steamers, and light railways to convey the crops to market. Fortnightly air mail services have been established between Cairo and Bagdad. State telegraphs and telephones total 22,000 miles of wire. Many steamship lines connect Egypt with the rest of the world. Among them are the Peninsular and Oriental, the Orient, the Bibby, the Henderson, the City and Anchor, and the Prince (British), the Khedivial Mail Steamship Line (under British management), the Japanese Yusen Kaisha, the Messageries Maritimes, the Trieste-Lloyd, and the Italian Servizi Marittimi. In 1882 the Egyptians rebelled against their Turkish Khedive, and Britain intervened largely on account of possible danger to the Suez route. The Suez Canal lies entirely in Egyptian territory, and was completed in 1869. The total length of the canal, from Port Said on the Mediterranean Sea to Port Ibrahim by Suez on the Red Sea, is 87 miles, of which 66 are actual canal, the remainder being a dredged passage through Lake Menzalah, Lake Timsah and the Bitter Lakes. Its depth varies from 36 ft. to 39 ft. (maximum draught allowed 31 ft.), and two vessels can pass each other in almost any part of the canal. To British eastern shipping it is of prime importance. It is an essential link between Britain and India, and the British Government has invested many millions of pounds in the company owning it. The caravan route to Damascus crosses the canal by means of a floating bridge.

Commerce. The chief exports of Egypt are cotton, and its by-products such as seed, oil, and cake (normally 90 per cent. of all the exports), eggs, onions, manganese ore, hides, skins, benzene, phosphates, wool, wheat, beans, sugar, maize, rice, tobacco, and ostrich feathers, gums, and ivory, which are brought from Equatorial Africa by caravan and river. The chief imports are textiles, coal, hardware, vehicles, chemicals, glassware, chinaware, soap, paper, matches, cutlery, food-stuffs, woodwork, tobacco, and machinery. Most trade is with the United Kingdom. The following countries also carry on important trade with Egypt: Germany, India, Turkey, France, the United States, the Near East countries, Belgium, Australia, and Italy. Alexandria, Port Said, and the minor ports of Damietta and Rosetta are the chief outlets.

Trade Centres. The towns of Egypt are situated at the natural trade centres of the Nile and the Red

Sea. Cairo (791,000) and Alexandria (445,000) are the largest towns. There are ten other towns with populations exceeding 25,000.

Cairo, at the head of the delta, on the last spur of high ground, is the capital of Egypt, and the largest city of Africa. It rose to importance as a caravan centre, but is now primarily an administrative centre. Much of mediaeval Cairo is being destroyed, while around it has grown up a modern city of boulevards and gardens. The railway lines from Alexandria, Damietta, Port Said, and Suez naturally converge on Cairo, and add greatly to its importance.

Alexandria, at the north-western corner of the delta, on the sand dunes between the Mediterranean and Lake Mareotis (Maryut), is a purely commercial town, the only modern port of the delta and a terminus of the Nile-Railway. Almost all the export and import trade of Egypt passes through it, and its big dealers and brokers control almost the entire cotton trade of the country. The city was founded by Alexander the Great (the Egyptians have never been a seafaring nation). Its harbour has been improved, and is protected from the river-borne silt by its ancient mole and modern breakwater.

Port Said with **Ismailia** (91,000), at the northern end of the Suez Canal, is the chief town of the Egyptian Province of the Isthmus, and an important coaling station with a large *entrepôt* trade. Originally a humble fishing village, it owes its growth to the Suez Canal.

Suit, or **Assuit** (51,000), the capital of Upper Egypt, has lost some of its old caravan traffic, but is still famous for its fine pottery and its gold and silver embroidered shawls. Down stream is the Assuit Barrage, which increases its importance.

Assuan (**Aswan**) (11,000), on the Nile in southern Egypt, is a rail, river, and route centre. A great dam has been constructed here. It has famous granite quarries, and is an important tourist resort.

Rosetta and **Damietta** (31,000) delta ports, carry on a small trade.

Bulah, a suburb of Cairo, is a busy river port. **Suez** (31,000), at the Red Sea outlet of the canal, has grown from a squalid little Arabic village to its present size, owing to the traffic through the canal. It is a singularly dreary and unattractive town.

Zagazig (42,000), **Tania** (75,000), and **Mansura** (48,000), are other centres.

There is a regular weekly mail service from England to Egypt every Friday night. There are also supplemental mails by French and Italian steamships. Cairo is 2,520 miles distant from London, and the time of transit is five days via Trieste, and six days via Marseilles.

EIDER DOWN.—Fine, soft down obtained from the breast of the eider-duck, which is found in Scandinavia, Greenland, and Iceland. The down is used by the mother-bird as a lining for the nest, from which it is taken for purposes of export. Being light as well as warm, it is much in demand, particularly in the manufacture of quilts, cushions, etc. It is, however, rather scarce, and the price is correspondingly high. The down most commonly used is procured from other sources (See **FEATHERS**).

EJECTMENT.—The process of turning off a trespasser from the land or premises on which he remains unlawfully. The term is now generally applied to the process by which a landlord gets rid of a tenant whose term has expired (See **LANDLORD** and **TENANT**.)

EJUSDEM GENERIS.—In a contract of affreightment all excepted perils, other than those conferred by statute, must be specifically mentioned, and any particular exclusion will not be held to embrace other perils similar in kind. In a policy of marine insurance, however, after the enumeration of a number of perils, appears the expression "and all other perils, losses, and misfortunes that have or shall come to the hurt, detriment, or damage of the said goods," etc. The expression "all other perils" has a limited significance, implying only all other perils similar in kind to those enumerated. In marine insurance "explosion" has been held to be *ejusdem generis* with "fire" (*West India and Panama Telegraph Co. v. Home and Colonial Marine Insurance Co.*, 1880), but not so in fire insurance.

ELECTRICAL PLANT INSURANCE.—(See **ENGINEERING INSURANCE**.)

ELECTRIC LIGHTING.—The question of the supply of electricity has long occupied the attention of the authorities, and as a result of the deliberations of a special committee of the Board of Trade, the Electricity (Supply) Act, 1919, was passed. Under this Act provision is made for the appointment of a body of Electricity Commissioners acting under the direction of the Board of Trade, and for the constitution of a number of District Electricity Boards, acting directly under the Commissioners. The powers of the Board of Trade in relation to the Electric Lighting Act, 1882, and the Electricity (Supply) Act, 1919, are now transferred to the Minister of Transport. The finances of the Commissioners set up by the Act of 1919 are governed by the Electricity (Supply) Act, 1922.

The main object aimed at is the cheap and abundant supply of electric power within the controlled district. For this purpose compulsory powers are conferred for the acquisition of generating stations, acquiring or using main transmission lines of any authorised undertaking, constructing generating stations, main transmission lines and other works, and acquiring the undertakings of authorised distributors. Provision is further made under the Act for the payment of the necessary compensation where difficulties arise. The matter of power and lighting is of such importance that, by the Electricity (Supply) Act, 1926, a Central Electricity Board, consisting of a chairman and seven members, is to be set up by the Minister of Transport. The Board will be charged with the duty of supplying electricity without necessarily having the power to generate it. (See **POWER AND LIGHTING**.)

ELECTROPLATING.—A process by which a thin coating of a precious or other metal is deposited by electrolysis upon articles made of various alloys. Gold and silver are the usual metals used for plating upon Britannia metal, nickel silver, brass, etc., in the manufacture of spoons and cutlery, tea and coffee services. Parts of machines, cycles, tools, and many other articles are protected from corrosion by being nickel plated on steel, iron, brass, or copper. For some purposes electroplating with zinc on iron or steel replaces galvanising. In all cases not only is the electroplating a protective measure but it also adds greatly to the appearance of the article. The electroplating industry is an important one and has its centres in Sheffield and Birmingham.

ELEGIT.—The name of a writ issued by a judgment creditor after a judgment has been pronounced, ordering the sheriff to place the creditor

in possession of the whole of the lands of the debtor, which are to be held by him until such time as the judgment has been satisfied. It was at one time possible for the sheriff to seize the goods of the debtor as well as his lands, but since the passing of the Bankruptcy Act, 1883, a writ of *elegit* no longer extends to anything else than lands of the debtor. No judgment in any way affects land, so as to form a charge upon it, until it has been actually taken in execution, by the sheriff.

The writ of *elegit* is of great antiquity, but it is now seldom met with, as it rarely happens that a judgment debtor who cannot satisfy his liabilities in another way is possessed of uncharged property.

The writ cannot issue against the property if there is already a charge upon it, e.g., a mortgage.

ELEM.—The name given to certain fragrant gum resins obtained from various trees of the myrrh order, of which the principal grow in Manila. Elemi, when pure, is practically colourless and semitransparent, but greyish in the inferior grades. Owing to its aromatic odour, it is used in the manufacture of incense. It is also employed to toughen varnishes, and is useful in making ornaments and plasters.

ELEVATORS.—(See **MECHANICAL HANDLING OF GOODS**.)

ELM.—A genus of trees of which several species are found in the various temperate countries. Elms belong to the natural order *Ulmaceae*. The common English elm is noted for its toughness, durability, and strength, the Cornish species being particularly valuable. As it remains unaffected by water and is not liable to split, elm wood is much used in boat building and in underground structures. The Cornish elm is in demand for making wagon frames and wheels, and in Central Europe elm wood is used extensively for interiors of houses.

EMBARGO.—Embargo is a temporary order from the Admiralty to prevent the arrival or departure of ships. It may apply to vessels and goods, or to specified goods only; it may be general or special; it may apply to the entering only, to the departure only, or to both entering and departure of ships from particular ports. Embargo does not put an end to any subsisting contract relating to the ships affected, but is only a temporary suspension of such contract. It is within the powers of the British Sovereign to lay an embargo on even British ships; but a proclamation to lay an embargo in time of peace, e.g., upon all vessels laden with wheat in a period of public scarcity, has been deemed contrary to law, and particularly to 22 Car 2, c. 13. In modern times, embargoes in anticipation of war have fallen into disuse.

EMBEZZLEMENT.—This is an offence which is, unfortunately, only too frequently met with in the commercial world. It is the appropriation by any servant or employee of property received by him on behalf of his employer. To constitute the offence it is necessary to prove three things on the part of the prosecution: (1) That the person charged was a servant of the prosecutor; (2) that he received the property on behalf of his employer; and (3) that he wrongfully appropriated it to his own use. It may be distinguished from larceny by a simple illustration. If a servant is engaged in a shop and takes money out of the till and actually appropriates the same, that is larceny, or theft; but if the servant sells an article on behalf of his master and puts the money paid for the same by the

customer into his own pocket, without its ever having been in the till at all, that is embezzlement. Embezzlement is a felony by statute, and, on conviction, a prisoner may be sent to penal servitude for a term up to fourteen years. At one time it was necessary to distinguish this offence from larceny, otherwise a person who was wrongly indicted might have escaped. Now it is immaterial, for if a person is indicted for larceny and the offence turns out to be embezzlement, a conviction may follow as though the latter offence was charged, and *vice versa*.

EMBLEMENTS.—These are vegetable products which are the annual results of labour. On the termination of a tenancy, the emblements belong to the tenant, and if they are not ready to be gathered, the landlord must permit the tenant to take them even after the expiration of the tenancy, unless there is an express agreement to the contrary, and this is so when the tenancy is one of uncertain duration and the tenancy has not been determined by the act of the tenant. As emblements are personal property, they descend to the personal representative, executor or administrator, of a deceased person.

EMBRACERY.—This is an offence, punishable by fine and imprisonment, which consists in the use of unlawful means to attempt to influence a jury in the finding of a verdict. Bribery and intimidation are two of the chief forms which embracery may take.

EMERALD.—A precious stone of the same species as the beryl. It varies greatly in value. The beautiful velvety green colour is said to be due to the presence of oxide of chromium. The constituents of the emerald are alumina, silica, glucina, and minute quantities of magnesia, carbonate of lime, and sodium. Though soft when first brought to the surface, it rapidly hardens on exposure to the atmosphere. Emerald copper, also called diopase, is a rare emerald-green mineral found in the Ural Mountains, and the Oriental emerald is a variety of green corundum. The best emeralds are obtained from Colombia and Venezuela, and inferior varieties are found in Siberia and various parts of Europe.

EMERY.—A blackish mineral, noted for its hardness. It is an impure variety of corundum, and owes its colour to the presence of oxide of iron. Its characteristic hardness makes emery a valuable agent for grinding, cutting, and polishing glass, gems, and metals of all kinds. It is used in the form of a powder, which is used for polishing purposes or spread over the glued surface of calico or other fabric to produce emery paper, and, mixed with soluble glass or some other binding, is laid on the edge of iron and lead wheels for cutting and polishing in lapidary work. Emery was formerly found only in Greece, but is now obtained also from Asia Minor and Massachusetts.

EMIGRANT RUNNERS.—Emigrant runners are dealt with by Sub-section 347-352 of the Merchant Shipping Act, 1894. It enacts that if any person other than a licensed passage broker or his *bona fide* salaried clerk, in or within 5 miles of the outer boundaries of any port, for hire or reward, or the expectation thereof, directly or indirectly conducts, solicits, influences, or recommends any intending emigrant to or on behalf of any passage broker, or any owner, charterer, or master of a ship, or any keeper of a lodging-house, tavern, or shop, or any money-changer or other dealer or chapman, for any purpose connected with the preparations or arrange-

ments for a passage, or gives or pretends to give any intending emigrant any information or assistance in any way relating to emigration, that person shall be an emigrant runner. The licensing authority for passage brokers may, on the recommendation in writing of an emigration officer, or of the chief constable, if they think fit, grant to the applicant a licence to act as emigrant runner. Any person who acts without a licence is liable to a fine of £5. An emigrant runner while acting as such must wear his badge conspicuously on his breast. He is not entitled to recover from a passage broker any fee, commission, or reward in consideration of any service connected with emigration, unless he is acting under the written authority of that passage broker. He must not take or demand from any person about to emigrate any fee or reward for procuring his steerage passage, under a penalty of £5.

EMPLOYERS AND WORKMEN, DISPUTES BETWEEN.—An Act for amending the law relating to conspiracy, and to the protection of property, was passed in 1875. This Act was amended in an important particular by the Trades Disputes Act, 1906. The amendment of the law was brought about owing to an important ruling in the celebrated Taff Vale case, which will be presently referred to. If two or more persons combine to do any act in connection with a trade dispute between employers and workmen, such act will not be held to be a conspiracy, if it was not a crime when committed by one person only. Conspiracy, in law, is a combination or agreement between several persons to carry into effect a purpose hurtful to some individual, or to a particular class, or to the general public. At one time it was a crime, made so by statute, to raise the price of wages, if the doing of it was accomplished by several persons conspiring together for the purpose.

It is still an offence for any person to do a thing, in connection with a trade dispute, which will be hurtful to the community, *e.g.*, if a person who is employed by a municipal authority, or by any company or contractor which supplies any place with gas or water, wilfully breaks his contract of service, and if such person knows that by ceasing to do his work, he will deprive the public of their accustomed supply of gas or water, such person will be liable to pay a fine of £20, or to suffer three months' imprisonment. There must be posted up in every gasworks and waterworks a copy of the section of the Act of Parliament to the above effect, so that every workman or employed person may read it. If any person wilfully breaks his contract of service, well knowing that such an act will be dangerous to the public, he will be punished as above described. This provision is to prevent the malicious flooding of mines and such like property. The statute aims at preventing danger to human life, serious bodily harm, or the exposing of valuable property to injury or destruction.

No person is permitted to compel another to abstain from doing what he has a legal right to do. It is, therefore, an offence, punishable as already described, to do any of the following things: To use violence towards another, or to intimidate him, or his wife, or children; persistently to follow another person about from place to place; to hide the tools, clothes, or property of another; to watch the house or place where the workman is, or to follow another with two or more assisting, in a disorderly manner, along any street or road. It is not an offence, however, to attend at or near the

place where the person lives or works, merely for the purpose of obtaining or communicating information

If any party is convicted under this Act by a court of summary jurisdiction (a stipendiary magistrate, or two or more justices of the peace), he may appeal to quarter sessions, and his wife and children may be witnesses in all cases. The Act does not apply to seamen or to apprentices to the sea service, but, with this exception, it applies to all workmen and their employers in England, Wales, Scotland, and Ireland.

The case decided by the House of Lords in 1901 was that of the Taff Vale Railway Company against the Amalgamated Society of Railway Servants. It was this judgment which caused a change to be made in the law as to trade disputes. A brief summary of the case is as follows: Mr. Bell and Mr. Holmes were secretaries of the Amalgamated Society of Railway Servants. These officials took part in a strike, which was started by the servants of the Taff Vale Railway Company. The railway company then brought an action against the Amalgamated Society of Railway Servants, and Mr. Justice Farwell granted an injunction against the society, the same as had been previously granted against Bell and Holmes, "restraining the society, their servants, agents, and others acting by their authority, from watching, or besetting, or causing to be watched or beset, the Great Western Railway station at Cardiff, or the works of the plaintiffs, or any of them, or the approaches thereto, or the places of residence, or any place where they might happen to be, of any workman employed or proposing to work for the plaintiffs (the railway company), for the purpose of persuading, or otherwise preventing, persons from working for the plaintiffs, or for any purpose, except merely to obtain or communicate information, and from procuring any persons who had entered, or might enter, into any contracts with the plaintiffs, to commit a breach of such contracts."

The Court of Appeal set aside the two orders of Mr. Justice Farwell, and said that a trade union society cannot be sued in its registered name. The railway company appealed to the House of Lords. All the law lords disagreed with the Court of Appeal and supported the judgment of Mr. Justice Farwell. The Earl of Halsbury, Lord Chancellor, said: "If the legislature has created a thing which can own property, which can employ servants, and which can inflict injury, it must be taken, I think, to have impliedly given the power to make it suable in a court of law for injuries purposely done by its authority and procurement." Lord Macnaghten, Lord Shand, Lord Brampton, and Lord Lindley, all delivered independent judgments to the like effect.

The above judgment, as has been said, was the cause of the passing of an Act to provide for the regulation of trade unions and trade disputes (1906). It is there enacted that—

"An act done in pursuance of an agreement or combination by two or more persons, shall, if done in contemplation or furtherance of a trade dispute, not be actionable unless the act, if done without any such agreement or combination, would be actionable."

It is, therefore, lawful for one or more persons acting on their own behalf, or on behalf of a trade union, or of an employer or a firm, to attend at or near where a person lives or works, or happens to

be, when they so wait or attend merely for the purpose of peacefully obtaining or communicating information, or of peacefully persuading any person to work or to abstain from working.

If a person, in connection with a trade dispute, induces another person to break his contract of employment, that inducement is not actionable. Each person may dispose of his capital or of his labour as he will. No action can now be taken against any trade union, whether of workmen or masters, or against any of the officials or members in respect of any tortious act alleged to have been committed on behalf of themselves and all other members of the trade union. This means that a trade union, as a trade union, can do no wrong or injury. The word "tort" means injury or wrong, such as assault, libel, malicious prosecution, negligence, slander, or trespass.

The position as above defined exists where individuals or unions attempt to procure the breach of a contract in furtherance of a trade dispute. Where, however, the action taken is not in furtherance of a trade dispute but is clearly for political purposes, it is exceedingly doubtful whether the Trades Disputes Act of 1906 can be appealed to. In consequence it would seem that a general strike for the purposes of imposing the will of one class of the community on the majority would, unless due and legal notice had been given by the strikers, be an illegal strike, and persons inducing others to break their contract of service for the purpose of such a strike would most probably be liable to be proceeded against in the Courts. (See INDUSTRIAL COURTS.)

EMPLOYERS' LIABILITY.—The Employers' Liability Act, 1880, was the first great inroad made into the common law doctrine that no employer could be held liable for any injury to one of his servants, unless it was proved that he had himself been personally guilty of negligence, and that such negligence was the actual cause of the accident. This was often very hard upon the servant, especially as he was further handicapped by the doctrine of common employment (*q.v.*). To a certain extent these doctrines were destroyed by this Act, which was passed, first of all, as a kind of experiment, its duration being limited to seven years, but it has since been kept in force year by year by being inserted annually in the Expiring Laws Continuance Act.

The following sections of the Act are given, as showing the liability imposed by it upon the employer—

"1. Where after the commencement of this Act personal injury is caused to a workman.

"(1) By reason of any defect in the condition of the ways, works, machinery, or plant connected with or used in the business of the employer; or

"(2) By reason of the negligence of any person in the service of the employer who has any superintendence entrusted to him whilst in the exercise of such superintendence; or

"(3) By reason of the negligence of any person in the service of the employer to whose orders or directions the workman at the time of the injury was bound to conform, and did conform, where such injury resulted from his having so conformed; or

"(4) By reason of the act or omission of any person in the service of the employer done or made in obedience to the rules or by-laws

of the employer, or in obedience to particular instructions given by any person delegated with the authority of the employer in that behalf; or

"(5) By reason of the negligence of any person in the service of the employer who has the charge or control of any signal, points, locomotive engine, or train upon a railway, the workman, or in case the injury results in death, the legal personal representatives of the workman, and any persons entitled in case of death, shall have the same right of compensation and remedies against the employer as if the workman had not been a workman or nor in the service of the employer, nor engaged in his work

"2 A workman shall not be entitled under this Act to any right of compensation or remedy against the employer in any of the following cases, that is to say—

"(1) Under Sub-section 1 of Section 11 unless the defect therein mentioned arose from, or had not been discovered or remedied owing to the negligence of the employer, or of some person in the service of the employer, and entrusted by him with the duty of seeing that the ways, works, machinery, or plant were in proper condition

"(2) Under Sub-section 4 of Section 1, unless the injury resulted from some impropriety or defect in the rules, by-laws, or instructions therein mentioned, provided that where a rule or by-law has been approved or has been accepted as a proper rule or by-law by one of His Majesty's Principal Secretaries of State, or by the Board of Trade, or any other department of the Government under or by virtue of any Act of Parliament, it shall not be deemed for the purposes of this Act to be an improper or defective rule or by-law.

"(3) In any case where the workman knew of the defect or negligence which caused his injury, and failed within a reasonable time to give, or cause to be given, information thereof to the employer or some person superior to himself in the service of the employer, unless he was aware that the employer or such superior already knew of the said defect or negligence

"3 The amount of compensation recoverable under this Act shall not exceed such sum as may be found to be equivalent to the estimated earnings, during the three years preceding the injury, of a person in the same grade employed during those years in the like employment and in the district in which the workman is employed at the time of the injury

"4 An action for the recovery under this Act of compensation for an injury shall not be maintainable unless notice that injury has been sustained is given within six weeks, and the action is commenced within six months from the occurrence of the accident causing the injury, or, in case of death, within twelve months from the time of death, provided always, that in the case of death, the want of such notice shall be no bar to the maintenance of such action if the judge shall be of opinion that there was reasonable excuse for such want of notice

"5 There shall be deducted from any compensation awarded to any workman, or representatives of a workman or persons claiming by,

under, or through a workman in respect of any cause of action arising under this Act, any penalty or part of a penalty which may have been paid in pursuance of any other Act of Parliament to such workman, representatives, or persons in respect of the same cause of action, and where an action has been brought under this Act by any workman, or the representatives of any workman, or any persons claiming by, under, or through such workman, for compensation in respect of any cause of action arising under this Act, and payment has not previously been made of any penalty or part of a penalty under any other Act of Parliament in respect of the same cause of action, such workman, representatives, or person shall not be entitled thereafter to receive any penalty or part of a penalty under any other Act of Parliament in respect of the same cause of action

The action is tried, either with or without a jury, in the county court, but there is a right of appeal to a divisional court, under certain circumstances, and a case may go afterwards, with leave, to the Court of Appeal, or even to the House of Lords. In Scotland, a case under the Act is heard in the Sheriff's Court, and in Ireland in the Civil Bill Court

The Employers' Liability Act falls far short of the Workmen's Compensation Act, 1925, and cases under it are becoming fewer and fewer. In point of fact, there are many technical difficulties connected with the Act which require the most careful consideration, and unless the case is very clear it is not at all advisable to choose this method of procedure. But if it is chosen and fails, the injured workman is not necessarily deprived of some recompense, for if it is shown that he is entitled to compensation under the Workmen's Compensation Act, it may be awarded to him, though from the benefits accorded to him the expenses thrown away by the irregular process will be deducted

(See the question of liability discussed under WORKMEN'S COMPENSATION)

EMPLOYMENT EXCHANGES.—Labour Exchanges were set up by the Labour Exchanges Act, 1909, the carrying out of the provisions of which was entrusted by the Act to the Board of Trade. The growth of this department of the Government was so rapid during the late war, and the importance of its employment aspect so constantly increasing, that its functions were divided and a new Ministry was set up to deal with all questions relating to employment. The Ministry of Labour, as the new department was called, took over the duties of the Board of Trade in relation to Labour Exchanges, and whilst popularly these offices are still known by this title, officially the correct title is Employment Exchange

By the Labour Exchanges Act, 1909, the Board of Trade was authorised to establish and maintain Labour Exchanges wherever they think fit. They were authorised also to assist Labour Exchanges maintained by other authorities, and to co-operate with other authorities in the assisting of labour. Authority was, at the same time, given for the setting up of a statistical department, which duty is now carried out as an important function of the Ministry of Labour

Rules of Management. The Minister of Labour may make general regulations for the management of Employment Exchanges. These regulations

include the establishment of exchanges, the assistance of those already established, and the lending of money to workpeople to enable them to travel to places where employment has been found for them through an Employment Exchange. The Act is purely permissive, and a person using an Employment Exchange is not to suffer by reason of refusal to accept employment found for him through an Employment Exchange, where the ground for his refusal is either that a trade dispute affecting his trade exists or that the wages offered are lower than those regularly paid in the district where the employment is found. The work of the Employment Exchanges includes the payment of benefit under the Unemployment Insurance Acts and the registration of all claims under these Acts. Consequently the workmen have been brought into very intimate relations with the Employment Exchanges since the termination of the late war.

The Minister of Labour has full power to administer the Labour Exchanges Act as he may see fit, and he may establish Advisory Committees, who may advise and assist in connection with the management of any exchange. The cost of providing Exchanges comes out of the national exchequer, and the Treasury will sanction the appointment of such officers and servants as may be required, the payment of their salaries, the incurrence of expenses for travelling, and other allowances to members of Advisory Committees.

Local Employment Committees. The work of organisation of labour during the late war was a task of great difficulty, and the work of Employment Exchanges in relation to this matter has never been sufficiently recognised. Their early connection with Distress Committees stamped them with some of the characteristics of charitable institutions, and it was difficult for employers as well as employees to be brought to use these national institutions to their fullest extent. Necessity, however, cured many of these apparent evils. The Employment Exchanges were used for recruiting all kinds of labour, and also for the recruiting for the Women's Service Corps. This brought them in close contact with persons of higher education and the name, Employment Exchange, became necessary, as the scope of the institutions was thus enlarged.

In 1918, the Minister of Labour set up Local Advisory Committees to assist in the conduct of Employment Exchanges. The Local Advisory Committees, now known as Local Employment Committees (abbreviated L. E. C.), consist of representative employers, representatives of organised labour in equal numbers, certain independent members representing interests whose advice and assistance in matters of employment may be useful, e.g., representatives of War Pensions Committees. These committees act under a chairman appointed by the Minister of Labour, usually an independent member, but not necessarily so. They meet periodically, and have wide powers under their terms of reference. Any matter touching Employment Exchanges can be dealt with by them, except interference with the personnel of the official staff of the Exchanges. Generally speaking, each Local Employment Committee has a women's sub-committee to deal with matters affecting the employment of women, whilst Juvenile Employment Committees work in close touch.

These committees were of great use during the period of early demobilization, during which time trade sub-committees to deal with pivotal men

and contract men were set up. Divisional Councils having jurisdiction over divisional areas, were, for a short time, tried as advisors to divisional officers, the whole country being divided into divisions, each in charge of an officer responsible for the Exchanges in his area. These councils have been discontinued owing to expense, but the Local Employment Committee, bringing the Employment Exchanges into close touch with municipal life, have a splendid future before them if their terms of reference are liberally construed and faithfully observed.

Unemployed Workmen. The Unemployment Workmen Act of 1905 has some bearing on this article. Under this Act Distress Committees were set up in each of the metropolitan boroughs. These committees, under the control of the Local Government Board, consisted partly of members of the borough council and partly of members of the Board of Guardians in the metropolitan poor law union.

A Central Committee, consisting of representatives of the metropolitan committees, members of the London County Council, co-opted members and nominees of the Local Government Board, was also set up to co-ordinate the work of the Local Distress Committees. Their duties were to make themselves acquainted with the conditions of labour in their area, to consider applications from unemployed, and to endeavour to find work for the applicant. These committees, for a time, did much good. The passing of the Labour Exchanges Act created a duplication of authority under two Government Departments. During the later stages of the late war, distress due to unemployment was almost unknown, and the work of the Distress Committees almost disappeared. Where distress arose, on the conclusion of hostilities, national relief fund committees were set up, and side by side with these committees a system of unemployment donation was created, making provision for unemployment pay to all members of His Majesty's Forces and to civilian workers thrown out of employment by reason of the demobilization. The result of this provision has been that the work of the Distress Committees has fallen into abeyance, and, for the most part, their functions have been undertaken by the Local Employment Committees.

EMPORIUM.—Places or receptacles in which wholesale merchants are accustomed to stow away their goods. Formerly applicable almost exclusively to establishments in seaport towns, the word gradually came to mean also the places of a similar kind in inland towns, and now it is often applied to a town itself which has a special trade in any particular kind of goods. Colloquially, the term is applied to a large shop.

ENAMEL.—A varnish paint or lacquer used for giving a glossy surface to wood, metal, and leather. The older type of enamel is made by the addition of a pigment to a linseed oil varnish having, as its resinous base, kauri gum or dammar. In recent years the use of cellulose enamels has become general, and in these pyroxylin or cellulose nitrate is the most important constituent. This substance along with a resin is dissolved in a suitable solvent, and the enamel, when used as a finishing lacquer, is best applied by spraying. Cellulose enamels give a hard glossy protective covering, and are used extensively for motor-car bodies, etc., especially in the United States. An enamel as applied to the hard resistant covering of cooking and other

utensils, is made by heating the metal surface which is previously covered with a solution of sodium silicate containing the powdered enamel.

ENDIVE.—A plant of the same order as chicory. It is found wild in Britain, but when cultivated in rich soil, and the leaves blanched, it is used as a salad or for garnishing.

ENDORSE.—(See **INDORSE.**)

ENDORSEMENT.—(See **INDORSEMENT**.)

ENDOWMENT.—When a sum of money is specifically appropriated for the benefit of a particular person or object, the fund thus set up is called an endowment. The word is also used to signify a fixed sum of money payable at a certain future date if a particular person is then alive. The payment of this sum is secured by an immediate single payment or by a series of periodical payments, called premiums (*q v*). A contract on these lines is often termed a "pure" endowment, since nothing is payable in the event of death before the endowment age is reached. An endowment policy, however, frequently provides for the return of all premiums paid (with or without interest) in the event of death. An endowment must be clearly distinguished from an endowment assurance (*q v*).

ENDOWMENT ASSURANCE.—A policy providing for the payment of a sum of money on a person attaining a certain age or on his previous death is called an endowment assurance. Sometimes the sum assured is payable on a fixed date (*e g.*, after 10, 20, 30, etc., years), or on the life assured dying during the term. Endowment assurances may be effected under with or without profit tables. Premium payments may be limited to a period shorter than the policy-term, or a single payment may be made. Endowment assurances are increasing in popularity for the reason that they not only give temporary assurance protection during the working years of life but also provide a lump sum for investment with a view to augmenting income or pension on retirement. (See **DOUBLE ENDOWMENT ASSURANCE** and **JOINT LIFE ENDOWMENT ASSURANCE**.)

ENDOWMENT POLICY.—(See **ENDOWMENT**.)

ENFACED PAPER.—The name given to the promissory notes of the Indian Government, bearing an announcement that the interest payable upon them can be collected by presenting the notes at the Bank of England. In the market these notes are generally known as "rupee paper." The interest is paid by drafts payable in India, but these are always readily bought at the current rate of exchange by money dealers and others, and are sold to persons who are desirous of sending out money to India.

ENFRANCHISEMENT.—The name which is applied to the methods by which copyhold land is freed from all its incidents and converted into a freehold estate.

By Section 128 of the Law of Property Act, 1925, all copyholds cease to be known as such and become enfranchised land, that is, the owner becomes the freeholder save that the land remains subject to certain manorial customs which in time will be extinguished. (See **COPYHOLD**.)

The effect of this compulsory enfranchisement is that the fee simple rests in the copyholder, and the old method of conveyance by surrender to the lord of the manor and admittance of the transferee are abolished. Enfranchised land will now be conveyed by deed just as all freeholds are conveyed.

ENGINEERING INSURANCE.—Most of the com-

posite offices have an engineering insurance department transacting the various sections of business comprised in engineering insurance, and in addition there are one or two companies whose activities are confined to this class of insurance. These latter, however, are now nearly all owned by composite offices who, instead of establishing a new department, have acquired an office with an established connection and a trained staff.

The business involving, as it does, a deal of engineering knowledge, requires for its successful operation the services of highly specialised officials, as in addition to the ordinary insurance cover the companies provide "service" in the form of periodical inspections and reports.

Various Acts from time to time have been passed governing the use of steam boilers, notably the Boiler Explosions Acts of 1882 and 1890, under which the Board of Trade is empowered to appoint commissioners to hold investigations into the cause of boiler explosions. The Acts also provide for the infliction of penalties upon such persons as may be held responsible for explosions.

The definition of a boiler under these Acts is—

"Any closed vessel used for generating steam, or for heating water, or for heating other liquids, or into which steam is admitted for heating, steaming, boiling, or other similar purposes."

Under the Factory Act, 1901, the users of steam boilers are compelled to have a thorough examination of the boilers once in every fourteen months.

In view of the obligations imposed by this Act, and to the fact that the owner of a boiler is responsible for the competence of the person employed to make the examination, the advantage of being able to arrange with an insurance company whose engineering staff is accepted by the Board of Trade as competent to undertake the work cannot be over-estimated. In addition to this the insured has the benefit of the experience of the company on matters affecting the efficiency of the boiler, the question of coal supply and the causes of waste.

The work of the company's engineers is directed to the prevention of explosions and to the preservation of the boilers by detecting and suggesting remedies for the influences which lessen the utility and shorten the life of steam plant, while increasing both the cost and the danger of working it.

The companies further are prepared for their engineers to act in an advisory capacity, to prepare specifications, to supervise the construction of new boilers, and to deal generally with matters affecting the economy and efficiency of power-producing and distributing plants, and to inspect new and second-hand plate before purchase or delivery.

Though boiler insurance was the first to be undertaken, the companies have now extended their operations to all classes of engineering insurance, the principal of which are mentioned below.

Insurance of Boilers. The policy covers—

- (a) Loss or damage to the boiler or other property of the insured;
- (b) Liability of the insured to pay damages for injury to property of any person or persons;
- (c) Liability of the insured, except that imposed by the Workmen's Compensation Act, 1925, to pay compensation for fatal or non-fatal injuries received by any person; provided such loss, damage, or injury, is caused by the explosion of the boiler;
- (d) Periodical inspection, a full report of each inspection being sent to the insured, and after the

thorough examination a certificate is issued to comply with the regulation of Section 2 of the Factory and Workshops Act, 1901, and/or Section 56 of the Coal Mines Acts, 1911

Insurance of Steam Engines. The policy covers—

(a) Damage to the principal parts resulting from breakdown

(b) Periodical inspection at intervals of three months or thereabouts by specially trained and experienced engineers

(c) Indicator diagrams are taken at each visit providing the necessary reducing gear is fitted. Tracings of these diagrams with the horse-power calculated thereon, along with a report of each examination, are sent to the insured with any recommendation that may be thought necessary for greater efficiency and economy

If desired the policy can be issued covering (b) and (c) only

Insurance of Lifts. The policy covers—

(1) Breakdown of the principal and/or parts of the lift, including motors and controllers

(2) Liability for damages, for accidental bodily injuries caused by or in connection with the use of the lift, or by falls or other accidents in the well-hole or doorways, to any person not in the insured's employ, and against such law costs (if any) that may be incurred in resisting any claim in respect of such liability

(3) Periodical inspection of the lift and its machinery. After each inspection and examination a report giving the condition of the lift, together with any recommendations that may be thought necessary or advisable to greater safety and economy in working, is sent to the insured

The premiums here, of course, vary according to the purpose for which the lift is used (viz., passengers, goods, or passengers and goods), and the amount of indemnity required

Insurance of Gas and Oil Engines. The policy covers—

(1) Damage to the engine caused by breakdown.

(2) Fracture by frost of the water jacket, or cylinder

(3) Damage to surrounding property belonging to the insured or third parties caused by the flying fragments of the engine on the occurrence of a breakdown

(4) Periodical inspection of the engine—reports being sent to the insured of such inspection

Gas and oil engines both possess characteristics that render their working extremely severe, owing to the very high temperatures generated in the cylinder and the shock and pressure accompanying each explosion there is always a considerable risk of breakdown. There is also a risk of breakdown due to a possible failure of the water insulation for cooling purposes, and in addition there is the danger of the cylinder being fractured through frost when the engine is standing during frosty weather.

It is well known that any defects in the igniting and admission arrangements not only reduce the power of the engine but increase the consumption of gas, and the detection of such defects is well worth the small amount expended in the annual premium apart from any question of breakdown

Insurance of Electrical Plant. The policy covers—

(1) All breakdowns of electrical machines. Not only the breakage of any part of the machine while at work, but also the accidental fusing or burning out of the windings of the armature, field coils, rotor or stator due to short circuiting within the

machine or other cause, and necessitating the immediate stoppage of the machine. The only stipulation which affects the validity of the policy is that the machine shall not be worked beyond the maximum capacity stated in the policy

(2) Periodical inspection by specially trained and experienced electrical engineers. A report after each visit upon the general efficiency of the plant is sent to the insured, and any avoidable source of waste or element of weakness is pointed out with any necessary suggestions for improvement given. The report also includes within its scope comments upon the upkeep and general cleanliness of the installation

Insurance of Gas-producing Plant. The policy covers—

1 Periodical inspections at intervals of three months or thereabouts by experienced engineers

2 Reports on the condition of the plant are sent to the insured after each inspection. Suggestions and recommendations are made for the more efficient, economical, and safe working of the plant if found necessary

3 If an explosion unavoidably occurs the company compensates up to the amount insured for—

(a) Damage to the plant

(b) Damage to other surrounding property of the insured

(c) Death or injury to any persons other than employees

(d) Damage to property of third parties

Gas plants—particularly of the suction type—are exceptionally liable to explosion, chiefly owing to the fact that the internal pressure is lower than the atmospheric pressure. In the event of a leakage the outer air passing into the plant creates an explosive mixture, and (owing to the gas being unable to escape) it is exceedingly difficult to discover such leakage except through inspection by experienced engineers

Insurance of Cranes. The policy covers—

(1) Liability for damages for accidental bodily injuries to any person not in the insured's employ, caused by or in connection with the use of the crane or hoist, and against such law costs (if any) that may be incurred in resisting any claim in respect of such liability

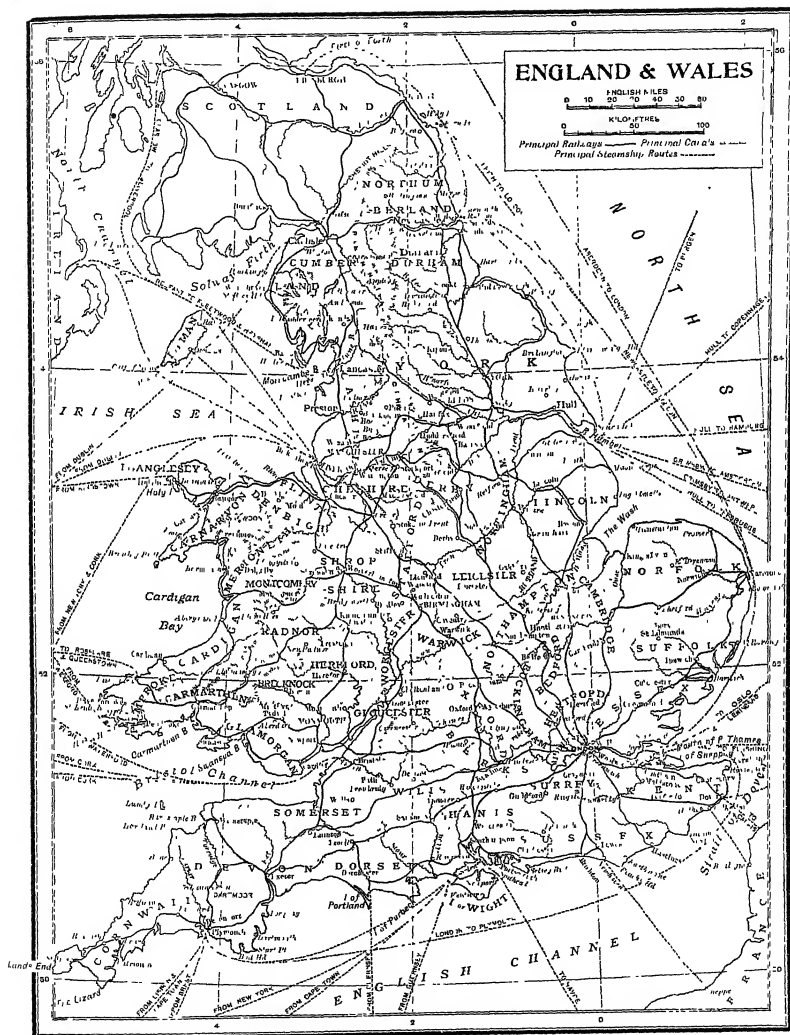
(2) Periodical inspection of the crane and its machinery at intervals of three months or thereabouts. After each inspection and examination a report giving the condition of the crane, together with any recommendations that may be thought necessary or advisable to ensure greater safety and economy in working is sent to the insured

The insurance and inspection of economisers, kiers, steam-pipes, superheaters, deaerators, and other plant and machinery is transacted on similar lines

The insurance is in each case subject to a proposal form and the policy forms vary according to the particular risks.

The rates for this class of business are subject to tariff

ENGLAND (ENGLAND AND WALES).—Position, Area, and Population. England and Wales occupy the southern and larger portion of the continental island of Great Britain, which is situated on the Atlantic border of Northern Europe. Great Britain is, in reality, a high part of the partially submerged north western portion of Europe. The surrounding seas for many miles from the coasts are shallow, the bottom gradually sinking to a depth of about



600 ft. (100 fathoms), beyond which there is usually an abrupt fall to depths of 6,000 ft. (1,000 fathoms) and over. The shallow area on which the island rests is known as the Continental Shelf, and, from the evidence collected, must be considered as a portion of Europe which the sea has invaded. Proofs of the land connection of Britain with the Continent are many: The rocks of Britain show much similarity to those of the mainland, the native animals are the same, though fewer in species, around a great part of the coasts of England submarine forests are found; the bones of large land-animals, such as the mammoth and the rhinoceros, have been dredged from the North Sea, and in Glamorganshire, caves opening into vertical sea-cliffs contain the antlers of deer, and the bones of hyenas and bears, suggesting that these animals roamed in the forests which in past times occupied a large portion of the present Bristol Channel. Much of the Continental Shelf, whose western edge lies 100 miles west of Ireland, is near the surface. The greater portions of the North Sea on the east, the English Channel on the south, and the Irish Sea on the west have an average depth of less than 50 fathoms, while the Dogger Bank in the North Sea, which provides such an excellent feeding-ground for fish, rises to within 10 fathoms of the surface. Britain approaches the Continent most nearly at the south-eastern corner, where the narrow Strait of Dover (21 miles wide) forms the divide. The surrounding seas and the position of Britain between the 50th and 60th parallels of north latitude ensure for it a climate which encourages and necessitates energy and industry, and its situation near the centre of the land hemisphere gives it unrivalled advantages for sea-borne trade. In the past its insularity has made Britain impregnable when valiantly held, and its position has done much to encourage independence and initiative on the part of its inhabitants. The separation from the continent of Europe has also permitted of extraordinary development in trade when other countries were harassed with war and other troubles. This security arising from insularity has been much shaken by the invention of submarines and aircraft, and it remains to be seen how the new state of affairs will affect the general condition of the people of these islands.

The short northern frontier of the peninsula of England and Wales begins in the west at the head of Solway Firth, runs up into the Cheviot Hills and eastward along their crest, and finally turns northward to the Tweed, which it follows to the sea. Many border fights, some of far-reaching consequences (as at Flodden and Otterburn), were waged in the past between the English and the Scotch, the gateway of low ground beside the North Sea providing an easy inlet for offence to either race.

England has an area of about 50,874 square miles, and its population, in 1921, the date of the last census, was 35,681,019. Its high average density (approximately 700 to the square mile) is largely accounted for by its great mineral wealth, and the position the country has reached in industry and commerce. The area of Wales is approximately 7,468 square miles, and its population, in 1921, was 2,205,680. The comparatively low average density (295 to the square mile) is mainly due to the mountainous nature of the country, which is adverse to agriculture and easy communication. More than half the population of Wales is found in Glamorganshire. In 1891, 72 per cent of the

people in England and Wales were urban, and 28 per cent were rural, in 1921 the figures were 79 and 21 respectively. Industrial workers in 1921 numbered 9,468,000, commercial, 2,214,000, domestic service, 2,121,000, agriculture and fishing, 1,260,000, professional, 714,000, Government, 300,000, and unoccupied, 2,208,000 men, and 12,234,000 women.

Coast Line. The coast line of England and Wales (about 3,000 miles) is remarkably long for so small an area comparing most favourably with the coast lines of other great maritime countries, and giving to the British great aid in their commerce. In a very high degree the peninsula owes to the submarine plateau the currents and tidal undulations which have shaped its coasts, added to the value of its estuarine harbours, and increased the motive power of its shipping. Tides generated in deep oceanic waters by lunar and solar forces are limited in their height in the open ocean, the rise and fall away from continental shallows being only 3 or 4 ft. Approaching the shores of Britain, however, the oceanic tides from the south-west strike the edge of the submarine platform, and pass suddenly into shallow waters, exhibiting along the coasts a rise and fall far greater than on the abyssal waters. Alternating tidal currents—the alternate drawing in and sending out of water—result from the rise and fall in shallow waters, and such currents are of great utility in moving shipping, and clearing the estuary passages of silt. Striking the Irish coast, the tidal wave splits into three portions, one penetrating the St. George's Channel, and another the English Channel, while the third follows the Atlantic border. Each of the three main waves subdivides when it meets an island, Southampton on the south coast thus receives four tides a day instead of two, the wave through the Spithead arriving about two hours later than that through the Solent. Exceptionally high tides occur in the Thames estuary, where the northern wave, after passing through the Pentland Firth, turns southward, and arrives at the mouth of the Thames just as a wave from the English Channel reaches the same region. The two waves coalescing cause the remarkably high tides. Twice a day, generally speaking, the tides convert the lower reaches of most of the British rivers into arms of the sea. Estuaries (like those of the Severn and Trent) presenting a gradually narrowing front, concentrate the tidal energy, producing a crest-fronted wave known as the bore on the Severn, and as the *Agr* (eagre) on the Trent. The bore of the Severn is a difficulty to navigation, and a great disadvantage to the bridge-port of Gloucester. At Chepstow, the difference between high and low water at spring tides is 60 ft. The bottle-shaped estuary of the Mersey exhibits the reverse condition, strong currents flowing through the narrow entry convey the large quantity of water needed to fill the large basin beyond, and in their forceful passage scour the channel between Liverpool and Birkenhead, keeping it relatively deep, and lessening the amount of dredging which would otherwise be necessary. At Portsmouth somewhat similar conditions are presented. The western coast is rocky and mountainous, and contains many drowned valleys, which form splendid natural harbours. Lack of productive hinterlands, however, hinders the rise of many of the Welsh ports. The chief harbours, Liverpool and Bristol, are situated on the flat lands, where communication with the interior is easy. Both face America, and carry on

a large trade with that continent. On the east coast, Hull, on the Humber, and London, on the Thames estuary, are excellently situated for trade; but good harbours are few on this coast owing to the long, low, sandy beaches. There are many good harbours on the south coast, such as Portsmouth Harbour and Southampton Water, but communication inland is relatively difficult. Submergence of steep-sided river-valleys in the south-west has led to the formation of the fine harbours of Plymouth and Falmouth, whose economic utility is greatly lessened by the unproductive land behind them. It is interesting to note that the great back-to-back estuaries (the Mersey-Humber and the Severn-Thames) ensure no interior point being more than 70 miles from the sea. Some changes in the coast worthy of mention are: The destruction of parts of the eastern coast by the sea; the gradual silting of the Wash by the deposition of the alluvium carried by its rivers and by deposited rock particles brought by tidal currents from the Yorkshire cliffs, the remarkable accumulation of shingle at Dungeness, much of which has accumulated since Roman times, the so-called Isle of Thanet, once separated from the mainland by a navigable channel, now silted up by the material deposited by the Stour; and the silting up of the Doe and the Solway Firth.

Relief. North-west of a line drawn from the Exe to Whitby lie the true mountainous regions of England and Wales, and the mountains of old formations. In the extreme north the Cheviot Hills, composed mainly of volcanic rocks and granite, are separated from the Pennine Range by the Tyne Gap, which connects the Solway Plain with the coastal plain of Northumberland and Durham, and affords easy communication between Newcastle and Carlisle. Southward from the Tyne Gap to the Vale of Trent, a distance of about 120 miles, strikes north and south the Pennine Moorland Range or Pennine Axis (often called "the backbone of England"), consisting of three series of strata—first and lowest, the Mountain Limestone, hard and grey; second, the later deposited coarse Millstone Grit; and third, the more recent series of clays and flagstones, with seams of coal in places, which are known as the Coal Measures. The whole carboniferous series, many thousands of feet in vertical thickness, must originally have been laid down in nearly horizontal strata. Subsequently, mighty forces acting from east and west, caused the layers of rocks to form a great upfold striking north and south. The name, Pennine Chain, is a misnomer, it is, in reality, a high plateau with deep cut river valleys, separated by high moorlands. Denudation has removed the Coal Measures from a large part of the region, and even the Mountain Limestone has been laid bare along parts of the axis, but important coalfields still lie on the Pennine flanks at its four corners—on the north-east, the Northumberland and Durham; on the north-west, the small Cumberland coast; on the south-west, the Lancashire and Cheshire, and further south the North Staffordshire, and on the south-east the York, Derby, and Nottingham coalfield. The Range attains its greatest height in Crossfell (nearly 3,000 ft.), which overlooks the Eden Valley. Where millstone grit predominates as from Nelson and Kedgeley to the Peak tableland, the wild, barren, peat-covered moorlands are given over to sheep and grouse. Where the mountain limestone prevails, as in the northern Pennines and south of the Peak, there is generally the charming karst scenery

—deep dales, high scars and tors, waterfalls, caves, and underground streams. The Aire gap (under 500 ft.), due to the cutting back of the Aire and Wharfe on the east, and the Ribbles and Wenning on the west, divides the Pennines into two parts, and forms the main route across them. North of the gap the Pennine Upland is higher, broader, and more massive than the southern region. The effects of the Pennine Range should be noted. It lies nearer to the west than the east coast, and, consequently, westward flowing rivers are shorter and more rapid than those flowing eastwards, it acts as a condensing barrier to the moist Atlantic winds, and thus aids the cotton industry, its contained minerals, especially coal, are important factors in the manufacturing industries of the north, its slopes provide good pasture for sheep, and largely aided the Yorkshire woollen industry in its infancy, its streams supplied water power in past ages, and may again be utilised as motive power; its disadvantage as a barrier separating two thickly populated regions is, to a great extent, overcome by the gaps (notably the Tyne Gap across which Hadrian's Roman Wall extends, and the Aire Gap utilised by the London, Midland and Scottish Railway), and by the trans-Pennine railway routes (Littleborough (1½ miles), Standedge (3 miles), Woodhead (3 miles), and Cowburn tunnels (2 miles)); it provides ample water for drinking and dyeing purposes for many industrial towns; and its karst type of scenery and mineral springs in Derbyshire have caused the growth of such inland resorts as Buxton and Matlock.

Along the north-west of the Pennine Range a great fracture or fault has resulted in a steep fall to the Eden Valley, with its preserved soft rocks, beyond which rise the volcanic mountains of the Lake District (the lofty Cumbrian Group). The Cumbrian Group or English Lake District, a roughly oval mass, with valleys containing lakes diverging from a west to east axis, is connected by the granitic Shap depression (1,000 ft.) to the Pennines. It consists, essentially, of a central dome-shaped region of old sedimentary rocks, folded and faulted, varied with dissected masses of igneous rocks, frequently slaty in character. Partially surrounding the central mass is a girdle of carboniferous rocks, to which is connected another incomplete girdle of New Red Sandstone rocks. The mountains, residual in character, are highest near the centre, Scafell Pike (3,210 ft.), Scafell, Helvellyn and Skiddaw, all attain heights of over 3,000 ft. In the radiating glaciated and river-cut valleys beautiful lakes and streams are found. Windermere is the largest lake (about 10 miles in length), and Derwentwater and Bassenthwaite Water, the remaining portions of a single large lake partially filled by the alluvium brought down by the small streams, illustrate the formation of the small, fertile lake plains, which will cause the eventual disappearance of the lakes. Soft valleys, stern heights, tranquil lakes, rippling streams, and turbulent waterfalls have always held a charm for writers, poets, and artists, many of whom have lived or spent much of their time in this district, drawing from it inspiration for their works and refreshment for their souls. There is scarcely a mile which has not some literary association connected either with the "Lake School" of Wordsworth, Southey, and Coleridge, or with De Quincey and Ruskin, or with the paintings of Romney and Turner. Economically, the region is

a holiday resort; has pastoral and mining industries (lead, slate, and zinc, iron and coal on its eastern flanks), and supplies water to certain industrial towns (Thirlmere to Manchester).

Wales is a dissected plateau of old, hard rocks, but its misty moors and mountains, weird and awe-inspiring passes, beautiful lakes and tarns, foaming torrents, and its isolation, are reminiscent of the Scottish Highlands. The plateau is bordered on three sides by narrow coastal plains. The northern plain broadens across the sunken rift of Menai Strait into the low, worn-down island of Anglesey. In the west the mountains approach the coast, and the Plain of Cardigan is thus made narrow. The south coast plain is wide in Pembrokeshire and the Plain of Gwent, but narrow in the centre Snowdonia, the highest part of Wales, is composed of igneous rocks, and contains the grand, glaciated mountain masses of Snowdon (3,560 ft.), Carnedd Llwllyn, Dafydd, the Glydrys, and Moel Siabod. The N.E. to S.W. trend is exhibited in the Berwyn Mountains and the Arenigs, and in the valleys of the Towy, Teify, Upper Severn, and Dee. In Mid-Wales igneous rocks are practically absent, and the old slates, gneiss, and limestones are weathered into lower and less rugged hills. Old Red Sandstone forms the high Black Mountains and the Breconshire Beacons, which have the west-east Armorican trend. From Pontypool to Kidwelly, with a western extension from Carmarthen Bay to St. Bride's Bay, lies the oval coal basin of South Wales, one of the richest of British coal-fields. Wales provides at first a sanctuary and refuge for its inhabitants against Roman, Saxon, Danish, and Norman invaders, but, eventually, the ease of access along the northern and southern coastal plains and along the valleys opening eastward to the English plain facilitated the English conquest of Wales. The habitable lands lie around the edges of the plateau, and there is no central point on which the Welsh valleys and routes converge. Thus a real union of Welsh tribes under one government was prevented, and Wales has never had a capital. Physical features have, however, given to its people a love of independence, and they still retain their ancient language, manners, and customs. In recent years, artificial lakes have been created by the damming up of the tributaries of the Severn (Lake Vyrnwy, from which Liverpool obtains its water supply) and Wye (Lake Elan and Lake Claerwen, from which Birmingham gets its water supply). Use is now being made of the plentiful water power, especially in the north.

The peninsular region of Cornwall and Devon contains the Devonian System, in which the folding crosses the land diagonally from east to west. Exmoor, in the north, rises steeply from the sea to well over 1,000 ft. It is formed of slate, hard sandstone, and limestone. Inland, the uplands form a high plateau with swell hills, and deep valleys ("Combes") cut out by the southward flowing streams which join the Exe. The "Combes" are noisy with flashing streams and crowded with trees, elsewhere the wild, open moorland is a land of bracken, heather, and grass, fit home for the red deer, hardy ponies and sheep. South of Exmoor is the broad plain of Devon, poor in the north-west, but in the east rich with "good red earth." South-west rises the upland of Dartmoor, a highland of granitoid surmounting a sea of slate, which attains in Great Lunkens Tor, 2,039 ft. The top of the upland consists of high rocky ground with huge blocks of

weather-worn granite, called tors. Below this come great sweeps of heather and furze-clad downs, and here and there peat bogs. Into its heart creep lovely valleys. The weathering and decomposition of the granite, continued through long ages, have produced the fine, white clay, kaolin, used in the Lancashire cotton mills and the Staffordshire potteries. West of Dartmoor lies the deep cleft of the Tamar Valley, noted for its great fertility. Its drowned lower portion forms Plymouth Sound. Beyond rise the granite Bodmin Moors, with other granite masses farther west at St. Austell, Redruth, and Land's End. Slates in the neighbourhood of the granite are traversed by veins, containing ores of tin, copper, tungsten, lead, and zinc, which are still mined with greatly diminishing output. About 25 miles south-west of Land's End lie the Scilly Isles, the remnants of an old land mass. They form a group of some 150 granite islands and rocks, of which only five are inhabited. The whole district is much exposed to the violence of the Atlantic breakers, hence the coastal silts are few and narrow. Subsidence has caused the drowning of the lower valleys of most of the rivers, thus producing such magnificent nas as those of Falmouth and Plymouth Sounds. The gabbro and serpentine of the Lizard, the granite of Land's End, and the cliffs of contorted rocks at Bude, are all worn into fantastic shapes. Lundy Island, off Barnstaple Bay, is a volcanic mass, outlying from Exmoor. Fishing, mining, quarrying, the rearing of animals, the growing of vegetables and flowers, and agriculture and dairying (on the lowlands) are the principal occupations.

Rocks of old formations occur in the volcanic district of Charnwood Forest, in Leicestershire, in the Quantock Hills, flanking the Somerset Plain, in the Mendip Plateau, which recalls the Pennine Moors in structure and appearance; in the Cambrian Malvern Hills, in Cannock Chase, in the Lickey and Clent Hills, and in the Wrekin district and Longmynd ridge of Shropshire. Coal-bearing rocks appear in North Wales; at Ashby in Leicestershire; in Warwickshire, between Tamworth, Nuneaton, and Coventry, in South Staffordshire, extending from Cannock Chase through the Black Country; in Shropshire where they lie up against the older rocks of Wales, in the Plateau of the Forest of Dean, a true geological basin, surrounded by older rocks, and in the Bristol basin.

East of the Devonian System and the Cambrian Mountains, and south and east of the Pennine Plateau lies the lowland plain of England, an area approximately one-third of that of Britain. The striking feature is the granitic structure of the country. A long, curved, but broken line of hills, rarely above 1,000 ft., extends from Portland Island to the North York Moors (1,500 ft.). The hills are composed of oolitic limestone, and run from N.N.E. to S.S.W., embracing the Cotswolds, Edge Hill, the Northampton Uplands, the Lincoln Edge, and the Yorkshire Moors. In Lincolnshire the ridge is lowest (only about 200 ft.), it is highest where it forms the Cotswolds, Cleveland Hills, and North York Moors, and disappears between the Lincoln Edge and North York Moors. The oolitic measures dip eastward, first below vales of clay and other soft layers, and then below a great sheet of chalk, which forms the broad London basin, largely filled with sands and clays. Both the limestone and the younger chalk measures end in an abrupt face or escarpment, whilst their other

face, the dip slope, is gentle. There is no doubt that these measures once extended much farther west and that they have been eaten back by weathering and stream action, which has also lowered the level of the vales of soft layers separating all the belts of more resistant rock. In the south-east corner the North and South Downs were formerly united by a great arch of chalk which has been worn away, thus exposing the older measures of the Weald. South of Salisbury Plain (plateau) lies the Hampshire basin in a shallow downfold of the chalk, covered with recent deposits of sand, gravel, clay, and freshwater limestone. The chalk reappears in the centre and south of the Isle of Wight. Roughly parallel to the oolitic heights in crescent-shaped line, from Flamborough Head to the White Horse Hills, stretch low chalk ridges with escarpments facing the Midlands and gentle dip slopes to the south-east. They include the Marlborough Downs, the Chiltern Hills, the East Anglian Heights, the Norfolk Edge, the Lincoln Wolds, and the Yorkshire Wolds. In several places the ridge is breached, but most notably by the Wash and the Humber. East of the Salisbury Upland the chalk is continued as the Hampshire Downs, which split into two lines of hills, known as the North and South Downs. These hills have steep escarpments looking inwards to the Weald, and run roughly eastwards, terminating seawards in the cliffs of Dover and Beachy Head respectively. The Western Wessex Downs or Dorset Heights lie south of the Thames and the Vale of Newbury. Though the scarplands and lowlands include much less than half of the area of England and Wales, they contain over three-fifths of the arable land. Agriculture is the leading occupation of the plains and sheep rearing of the hills, but building stone, iron, clay, flint, chalk, lime, and Fuller's earth are important economic products.

The region known as the "Midlands" of England is, on the whole, a great triangular red plain, whose rocks are composed of new red sandstone and red marl, which are covered in places with glacial deposits. Openness and ease of communication characterize the plain, though the coal measures protrude in low humps forming the high ground whence flows the drainage to the Trent, Mersey, Dee, and Severn estuaries. Broadly speaking, the Midlands consist of fertile, broad, and monotonous plains, devoted to agriculture, and low uplands on, or near, which manufactures have developed. The Midlands Gate, lying between the south-west of the Pennine Range and the Shropshire Hills, has been important in all periods of history.

Recent formations occur in south-eastern England in two isolated basins in the wide spreading sheet of chalk—the London Basin and the Valley of the Thames, and the coastal districts of Norfolk, Suffolk and Essex representing a continuation and the Hampshire Basin and the Isle of Wight. The Thames Basin falls into two main divisions: the upper basin between the oolite and the chalk as far as the Goring gap, with Oxford as its centre, and the lower or London Basin, between the chalk and the sea, with London as its focus. The synclinal fold of the London Basin is filled with measures of three main kinds. Immediately above the chalk are pebbly beds of marine sands, which appear at the surface, along the fringes of the basin, and are known as the Woolwich and Reading beds. On the top of these sands lies the great cap of London clay, a marine bluish clay,

weathering to brown. Uppermost are the younger Bagshot sands, which give rise to gorse and fir-covered dry tracts, very different from the marshy moor stretches of London clay. East Anglia, forming the northern portion of the basin, is covered largely with boulder clay, left by the retreating glaciers of the Ice Age. The whole area is undulating ground, rarely rising above 200 ft. Clays for brick-making, sands for glass-making, phosphatic sands for manures, and limestones for cement-making, are among the chief economic products. Important supplies of water are obtained by sinking wells into the chalk lying below the London clay. Agriculture, dairying, cattle and sheep-rearing, market gardening, and a few manufactures, represent the industries. The young, low-lying plains of the Fen country lie round the Wash, a wide, shallow inlet formed by the invasion of the North Sea through a great breach in the chalk. Stretching from Lincoln to Cambridge, and from Peterborough to Brandon, they cover more than 1,300 square miles of clay land, buried in parts beneath flats of alluvium, peat, and fine tidal silt. Topographically, the Fens form the most perfectly level portion of England, and are drained by the sluggish and meandering longitudinal Witham, Welland, Nene, and Great Ouse. Artificial drainage canals, such as the famous Bedford Levels, the reclaimed lands, the canalization of the rivers, the windmills, the embankments, the intensive market gardening, the culture of bulbs, and the field workers of both sexes, are reminiscent of Holland. Intensive agriculture is the principal industry.

To farming interests, the fertile Vale of York, the broad Oxford Clay Vale, the red sandstone, agricultural and pastoral, Lancashire and Cheshire Plain, the fruitful Severn Valley, the worn-down Isle of Anglesey, and the extensive corn-growing Eastern Plain are of great importance.

England and Wales contain numerous rivers, many of which are navigable for a considerable distance into the country, and though traffic at the present time on the rivers (except in their tidal reaches) is not great, they have added to the commercial importance of Britain, and rendered aid in the construction of the network of canals. The position of the uplands naturally results in the most important eastern rivers, exceeding the western in length, the only apparent exception being the Severn, whose head waters, however, assume an eastern direction. Commercially, the four most important rivers are the Thames, the Mersey, the Yorkshire Ouse, and the Severn. The Cotswolds bear the head waters of the Thames (210 miles), whose drainage area, one-fifth of that of England, is in the main a chalk region. Converging upon Oxford, the combined streams take a south-easterly direction to Reading through the Thames Gap in the chalk escarpment (a river-worn passage), from whence the Thames takes an easterly course to the sea. On the left bank, the upper Thames receives the Windrush and Cherwell from the limestone ridge; while the lower Thames receives the Colne and Lea from the cretaceous Chilterns. On the right bank the Kennet, flowing from the White Horse Hills and the Wey, Mole and Medway coming from the mid of the Weald, join the parent stream. The river valleys and "wind" gaps in the bordering uplands are utilised by the railways radiating from London. Tilbury Docks, 26 miles below London, can be entered by the largest ships, and vessels of

800 tons can ascend to the Pool at London Bridge. Barges can reach Lochlade, 120 miles from the Nore, and a complete waterway across England is provided by the Thames, and the Thames and Severn, and Kennet and Avon Canals. The wide estuary (drowned valleys), the high tides enabling large vessels to reach London Bridge (50 miles from the Nore, which artificially marks the seaward end of the Thames), the ease of communication inland, and the convenient position for commerce, account largely for the rise of London and its outports. On the west, the Severn (220 miles) is remarkable for its very high tides, its rapidity, its wide estuary, and the meanderings in its course. It rises in Plynlimmon in North Wales, and after a course of 35 miles, emerges on the Plain of Shropshire. Near Coalbrookdale it passes through a narrow gorge and enters the Worcester Plain, finally broadening out into the Bristol Channel. Among its tributaries, the Wye is noted for its scenery (limestone gorges); the Warwickshire Avon for its character as a subsequent river; and the Bristol Avon for its deep and narrow gorge across the oolite ridge, and the gorge at Clifton through the limestone rim of the Bristol coalfield. The Severn is navigable for barges up to Welshpool, 170 miles from the sea, and is connected by canals with the Thames, Trent, Dee and Mersey. By the aid of the Shrop Canal from Sharpness to Berkeley large vessels can reach the bridge-port of Gloucester. The rivers Swale, Ure, Nidd, Wharfe, Aire, Calder, Don, and Derwent, spreading out in fan-like form, are intercepted by the Yorkshire Ouse (150 miles) and carried southward in a channel parallel to the Jurassic and Cretaceous Escarpments of Yorkshire. Together, the Ouse and the longer Trent (180 miles) form the Humber estuary. Throughout its length, the Ouse is navigable for barges, and canals connect it and its tributaries with the Lancashire rivers, making complete water communication between the east and west. The Mersey flows from the Pennine Range into a bottle-shaped estuary, receiving on its way the Irwell and the Weaver. Its position facing America, and the great docks at Liverpool make it one of the most important shipping rivers of the world.

Other rivers of commercial importance are the Tyne, Wear, and Tees, flowing through rich mineral regions, and the subsequent Trent providing communication with the Midlands. The Dee and the rivers of the Wash are now chiefly of historic interest, the amount of silt deposited at their mouths, and the lack of great populations in their drainage areas have led to their decline. All the southern rivers and the purely Welsh rivers are short, and flow, as a rule, through comparatively sparsely populated regions.

Climate. The British climate is more equable than the climates of countries in the same latitudes on the European mainland. No great extremes of temperature occur, no areas lack sufficient moisture for ordinary agricultural pursuits, but everywhere the oceanic climate encourages industry, and promotes a virile race. To its climate, though often condemned for its humidity and variability, Britain owes much of its prosperity in industry and commerce. The peninsula lies in the track of the most westerly Atlantic winds, which, meeting mountain barriers on the west, are deflected upwards. The consequent expansion of the air results in cooling, which leads to the deposition of a heavier rainfall on the western area than on the eastern, where compression, in descending, increases the vapour-

holding capacity of the air. Dryness to leeward of mountains has been termed their rain-shadow, and, notwithstanding the low elevation of Britain's uplands, and the fact that much of the rainfall is due to cyclonic influence, rain-shadows to eastward and north-eastward of the western mountain masses are clearly evident. Anti-cyclones, tending to produce drought, are not uncommon in the east, either in summer or winter, and hence there is a double reason why the east of the country is drier than the west. The absolutely wettest region is around Snowdon, where the annual rainfall is about 200 in. In the Lake District the annual rainfall ranges from 60 to 80 in., in Wales from 40 to 80 in.; in Cornwall and Devon from 40 to 60 in., and in Lancashire from 30 to 40 in. Over most of the English Plain the annual rainfall averages 25 to 30 in., though an area round the Wash and a part of Essex receive a fall of 20 to 25 in. only. The rainfall is well distributed throughout the year, but the maximum occurs in autumn and winter. Oceanic effects are remarkably exhibited in the temperature conditions of summer and winter. Summer isotherms run in a roughly east and west direction, but there are marked irregularities. Near the sea they tend to bend southwards, while inland the tendency is northwards. Water has a greater specific heat than land, and thus exercises a cooling effect in summer and a heating effect in winter. In winter the isotherms run in north and south latitude having little influence. Winter warmth is not due directly to the sun's rays, but to the winds coming from more southerly latitudes over a relatively warm ocean, and the rain warmth (latent heat) set free by the deposition of frequent rains. The western areas have the more equable temperatures (extreme West: January—44° F., July—61° F., extreme East: January—38° F., July—62° F.), the eastern areas experiencing more continental characteristics. Drier air, warmer summers, and suitability of soils make the eastern region agricultural, while the wetter west is pastoral.

Soils. Many types of soil occur in England and Wales, some of which are remarkable for their fertility, but the pressure of population on the means of subsistence necessitates great skill and care in agriculture, and intensive scientific farming is highly developed. If the country depended mainly on agriculture, the mountainous western tracts and the chalk hills and downs, with their poor soils, would tend to keep down the average density of population (7 per cent. of the area of England and 28 per cent. of Wales are classed as "Mountain and Heath"). Excellent soils for the dairying industry are the New Red Sandstone of Cheshire, the Old Red Sandstone of Hereford, the Liass Clay, and the river alluvium and New Red of Devonshire. The southern portion of the Eastern Plain contains soils of unusual fertility, owing to the intermixed limestone, sand, and clay; the clayey loam thus formed is very favourable to wheat production. For fruit production the Old Red Sandstone of Hereford and the Wealden clays and sands give excellent results. Soils overlying the glacial deposits in East Anglia are usually very fertile, the sandy loams of Norfolk giving high yields of barley. The Plain of York, crossed by great moraines, has glacial deposits and alluvium covering the New Red Sandstone, and is a rich agricultural district. Other good soils are the alluvium of the meanders of the Trent, the drained alluvium of the Fen district, the oolite valley soils, the sands and clays of the centre of England, and

the loamy soils of the London Basin. Poor soils, used for pastoral purposes, are the thin soils of the colliery ridges, the igneous soils of the western mountains, the dry chalk and limestone soils of the uplands, and the soils of the greater part of Wales.

Vegetation. In the bulk the vegetation differs in no essential respect from that of the western region of cool-temperate deciduous forest. The scenery is typically that of the west European undulating park, where pasture and meadow predominate over the carefully cultivated area, and small patches of forest, mostly of oak, birch, maple, and ash, add beauty to the landscape. Vast forests, which once covered the greater portion of the country, have since early times been greatly reduced by the needs of agriculture, manufacture, and warfare, and at the present time less than 5 per cent is wooded, a proportion much less than that of most other European countries. On the uplands and highlands four zones of vegetation may be distinguished: the lowest is that of oak and beech woods; higher, that of poorer oak and Scots pine; still higher that of forest intermingled with hill pasture; and, finally, come the moorlands. Above the oak belt, 700 to 900 ft., the conifers accompanied by the birch remain in almost exclusive possession, up to, in places, 2,000 ft. Moorlands, peat bogs, wastes, and alpine pastures rise above the conifers. In the lowlands, moors extend on the poor glacial soils, and the Scots pine, in company generally with low heather, marks the occurrence of poor, dry soil. The wet, high peat bogs of the north and west in ill-drained areas, supplied with pure siliceous water, owe their origins to the enormous development of sphagnum moss, sedges, and cotton grass, whose dead remains putrefy under conditions of excess of moisture and lack of air. On the Atlantic fringe the mild climate weakens the seasonal rhythm, and there is a tendency to a prolonged, though less active growth period, which gives a sort of broad, tender-leaf evergreen, and a sense of evergreenness in the lawns and succulent pastures, and the shrubs of the undergrowth. Humidity and mildness ensure a constant state of verdure.

Fauna. Dense human population and closely cultivated land prohibit the presence of large noxious wild animals. The brown bear, wolf, wild boar, reindeer, and beaver, in Roman times made south Britain their habitat, but they have long been exterminated. Wild cattle, however, may still be seen in Chillingham Park, Northumberland. Stags, roebucks, fallow and red deer are kept in many parks, and are stalked on Exmoor. The polecat, common brown hare, many members of the weasel family, and the mole and vole, are abundant. Much sport is afforded by the fox, hare, rabbit, otter and badger. The only poisonous snake found is the viper. Game-birds—pheasant, partridge and grouse—often carefully preserved, are numerous; and wild song-birds, the best known of which are the nightingale, skylark, blackbird, thrush, linnets, finch, and robin, are particularly numerous and varied. Owls and hawks are common. Woods are the resorts of squirrels, magpies, and jays, but jackdaws and crows favour the near neighbourhood of man. Reclamation of land has reduced the number of water-fowl, but sea-fowl abound on the shores. Migration is a characteristic feature of a very large number of birds. From the wild swan to the willow wren they come and go with the seasons. All the animals of economic

value, and most of those protected for sport, have been introduced at various times from other countries.

Productions and Industries. The growth and character of English industries and commerce from the period known as the Middle Ages, to the present time, provide an interesting study. In mediæval times, England occupied a lowly place in commerce, in comparison with the trade of the Hansa merchants. Her manufactures were surpassed by those of Flanders and the Italian cities, and her chief reliance was placed on the pastoral industry, wool figuring largely in her exports. Home manufactures began to develop after 1331, when Flemish weavers, dyers, and fullers came over from Flanders, and, under the protection and patronage of Edward III, settled in England, and taught the English their arts. The commencement of the rise to the great maritime and commercial position that England now holds may be said to date from the reign of Elizabeth. Attempts were then made to establish colonies in North America, and a notable victory was secured in the defeat of the Spanish Armada. In the last decades of the sixteenth century and the early decades of the seventeenth century large trading companies were formed, notably the East India Company and the Levant or Turkey Company. The great Industrial Revolution of the latter half of the eighteenth century and the early part of the nineteenth century resulted in England becoming a great manufacturing country, and from this period the rise of democracy has been great. Domestic manufactures gave place to the factory system, farming became scientific, means of transport were greatly improved, the north greatly increased in population, and the shipping trade doubled. Discovery of new lands, and struggles with the Dutch and French led to the acquiring of large colonies and dependencies, and the freedom from the devastating effects of Napoleonic wars gave a great momentum to the industries and commerce of the country. Noticeable features of recent years are the growth of British influence in Africa; the keen competition in manufactures with many foreign countries, the agricultural depression of the last fifty years, resulting from the invasion of cheaper farm products from the new countries of the world (Canada, the United States, and the Argentine), the depopulation of rural districts; the great development in steamships, the growth of commercial and technical education, and the efforts made to establish a closer union with the Dominions and Colonies.

Agriculture. Agriculture, judged by the number of workers engaged in it, is still the leading single industry. Highly scientific mixed intensive farming is, obviously, a necessary and marked feature of British agriculture; its yields of crops are very high, its animals set the standard for the world, its farms, comparatively few of which exceed 300 acres, are becoming more numerous with a consequent decrease in size, ownership of its lands by the cultivators tends steadily to increase, and scientific research is gradually finding out the nature of the soil and its inhabitants, the remedies for plant diseases, and the division of the country into natural agricultural regions based on climatic and soil factors. British farming has to face, however, the competition of "new" countries employing extensive cultivation, and this has caused, during the last half century, the passage of thousands of acres of ploughed land into pasture, in spite of the

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fact that arable land yields twice the produce in money value and three to five times the food value compared with grassland. It is true that the growth of allotments and small holdings, the utilization of waste lands, and the spreading of agricultural education, are partially solving the depopulation of the rural districts and thus helping to preserve a healthy balance between town and country; but British agriculture, in order to retain its proud position, gained only by centuries of effort, needs more co-operation among its members to secure better transport, manufacturing and marketing facilities, and the joint use of the best implements and machinery, the solving of the labour problem, and the greater application of science to its problems. Its hope in the future lies in science, and the vigour, initiative, and adaptability of its farmers.

Nearly one-third of England is arable land, but Wales has less than 18 per cent devoted to cultivation. Wheat, the most important bread product, thrives best on the clayey loams of the east, notably in the Lower Thames Valley, Essex, Norfolk, Suffolk, Lincolnshire, Cambridge, and the Vale of York. The acreage is normally about 1,700,000, and the high yield (30 to 35 bushels per acre) should, with the future introduction of the very high yielding "strong" varieties developed by British research on Mendelian lines, be much greater. Only about one-quarter of the wheat (2 per cent of the world's crop), and less than one-third of all the foods required are, as yet, home-grown. Oats flourish under a cooler and moister climate than wheat, and cover an acreage of approximately 2,000,000, chiefly in the north-east, south-east, and south-west. Barley (1,500,000 acres) is widely grown, but East Anglia, the Midlands, and the north-east, are the most important areas. The cultivated area under rye and maize is almost negligible. Their chief use is as green fodder. This is essential in the case of maize, which fails to mature under the climatic conditions. Peas and beans grow well in the rich soils of the Fen district, East Anglia, and the Midlands. Flax is grown to a limited extent in parts of the Midlands. Sugar-beet is in the experimental stage, but some success has been gained in East Anglia and the plains of Lancashire and Yorkshire. Minor crops are hops, produced mainly in Kent (more than one-half), Hereford, Sussex, Worcester, and Surrey, mustard in East Anglia, and celery in South Lincolnshire and the Fen district. Near all the large towns there are stretches of "market gardens" which supply the town markets with vegetables and flowers, and 3,000 acres of glasshouses, many in the Lea Valley, furnish grapes and tomatoes. Early fruit, vegetables, and flowers reach London and other centres from mild south-western England, the Scilly Isles and the Channel Isles. Fruit-growing requires rich soils, protection from cold winds, and mild springs. Kent, with over half the orchards, produces strawberries, cherries, apples, pears, and plums. Hampshire, Cambridgeshire, Cheshire, and Yorkshire are noted for their strawberries, and Hertfordshire, Bedford, and Buckingham produce large quantities of apples and plums. The belt of country from Hereford, through Gloucester and Somerset into Devonshire, is celebrated for its apples and pears, from which are obtained the famous cider and perry of the west. Gooseberries, raspberries, and red and black currants are grown throughout the country. The only

British nuts, which have proved successful, are Kent cois and walnuts, and Norfolk chestnuts. Hay, a necessity for winter fodder, shows an acreage of approximately 6,500,000. Root-crops—mangolds, turnips, swedes, carrots, and parsnips—introduced in the seventeenth and eighteenth centuries, revolutionized British stock-rearing and the British meat supply. Prior to their introduction many cattle had to be slaughtered in the autumn, and their flesh salted down for winter use. Increased the love for spices and beer, and the spread of skin diseases. The acreage is approximately 1,600,000, and the best yields are in the east. Potatoes flourish in the moist west, but reach their greatest perfection in the east.

The Pastoral Industry. Pasture grass is the characteristic crop of all South Britain, but its greatest luxuriance, lusciousness, and tenderness are attained in the western wet lowlands, which are, therefore, ideal for dairy cattle. In England 48 per cent of the land area, and in Wales 65 per cent (including the mountain and heath areas) are devoted to grazing. British uplands of over 1,000 ft., and regions where the annual rainfall is over 40 in., are either near to or beyond the limits of successful cultivation, and are, in consequence, devoted chiefly to the pastoral industry. Wales has not only the greater percentage of grazing land, but has also more sheep and cattle per 1,000 acres than England (Wales: Cattle, 150, sheep, 696; England: Cattle, 144, Sheep, 490). Cattle have wonderfully increased in weight from the 400 lb carcass of Saxon days to the 1,200 lb to 1,600 lb carcass of to-day. They number approximately 6,000,000 (2 per cent of the world's cattle). In the west they are bred mainly for milk, in the east and north for their beef. The most noted dairy types are the Holstein, Jersey, and Guernsey, the best beef types are the Hereford and Devon, while the Red Poll, South Devon, Welsh black, dual type of Shorthorn and Leinster, serve the double purpose of milk and beef. Noted cattle districts are the south-west peninsula, Pembroke, Anglesey, Carnarvon, Carmarthen, and the lowlands of Cheshire, Hereford, Lancashire, Yorkshire, Derbyshire, Staffordshire, and Leicestershire. On the days of Somerset and Gloucester, and on the red horseshoe plan of the English Midlands, the finest cheese (Cheddar, Double Gloucester, Cheshire, and Stilton) is produced. In the vicinity of the great industrial centres the dairy farmer specializes in milk and eggs, in the remoter districts he confines himself to butter and cheese. The production of eggs, in recent years, has become a scientific and lucrative industry. Horses (1,230,000) are largely reared in the drier parts of western and northern England. They are still important for military, sport, farm, and transport purposes, and their number remains normally the same, in spite of the growth of mechanical traction. For heavy draught work in town or country, the Shire, Clydesdale, and Suffolk types are the best, for lighter work the Cleveland Bay, Yorkshire Bay, the hackney, and the trotting horse, and for sport the hunter and thoroughbred. Small mountain and moorland ponies are bred in the highlands of Wales, Exmoor, Dartmoor, and the New Forest. Some of these, fortunately in decreasing numbers, are used in the coal mines, but most are used for very light draught and for pleasure purposes. Sheep, of prime importance to England in the Middle Ages, when wool was the

chief export, even now number 16,000,000. They flourish on all the uplands, those on the drier east yielding usually the better wool (10 to 12 lb per fleece), and on the wetter west the better mutton. Famous breeds are the long-woolled Leicester, Lincoln, Cotswold, Devon, and Romney Marsh; the fine, medium-woolled South Devon, Shropshire, Dorset, and Hereford, and the small excellent mutton types of the more mountainous areas—the Welsh, Dartmoor, Exmoor, and Cheviot. Pigs (3,000,000), bred on most farms for pork and bacon, are fed on the offal of the corn farms, the waste products of the dairy, and foreign maize. The chief breeds are the Large White Yorkshires and Ulsters; the Large and Small Blacks of Devon, Cornwall, Essex, Suffolk, and Berkshire, the red Tamworth and the Lincoln. Wiltshire, Cumberland, and Yorkshire are noted for their bacon and hams. Goats provide a very economical way of utilizing the poorest lands, but are of little importance. The livestock fails to meet home demands, but its finest types are competed for by the Dominions, Colonies, and foreign countries for crossing and improving their own stock.

Forestry. British forests are rare. Woods and plantations cover only 5.3 per cent of England, and 3.9 per cent of Wales. The existing scattered forests include the well-known New Forest (400 square miles) in Hampshire, Dean (150 square miles) in Gloucestershire, Arden in Warwickshire, Epping in Essex, Sherwood in Nottinghamshire, Charnwood in Leicestershire, Windsor in Berkshire, and the wooded portions of the Weald. Less well known are the woods of Whittlebury and Salcay in Northamptonshire, Needwood in Staffordshire, and Ashdown in Sussex. Several of these forests have almost disappeared. The "Dukeries" and the Valley of the Wye are beautifully wooded, and the park-like distribution of the trees throughout the country in clumps, spinneys, coppices, and hedgerows, makes up a fairly considerable body of timber. Little British timber is now utilized; careful conservation is practised; and reliance is placed on foreign supplies. A national policy has been recommended, and British forestry is being re-born. Pine forests have been planted on the Pennines, the Welsh plateau, and Exmoor, which will eventually yield good timber, and regulate the water supply to the rivers and the falls for electrical power, and reclaimed coastal lands have been planted with the maritime pine.

The Fishing Industry. The temperate shallow seas round Britain are prolific in demersal fishes (sole, plaice, whiting, haddock, turbot, brill, and cod), and in pelagic species such as the herring, mackerel, sprat, and pilchard. Conditions of light, salinity and temperature of the waters, the oxygenating and the food-distributing action of the tides, and the pastures of the sea (planktonic animals and plants) are highly favourable to fish life. Life in the sea is now the subject of much earnest research, and results will doubtless follow which will be highly valuable to the fishing industry, especially in connection with the migratory habits of certain fishes. In range and importance the fisheries have steadily evolved to the position of the best manned and equipped of all fishing industries. Limited, at first, to freshwater areas, they expanded to coastal, and, finally, to deep-sea fishing over a range of 3,500 miles from the White Sea and Iceland to the south of Morocco. Deep-sea fishing demands

rapid transport to markets and low temperatures for the preservation of the food product, and, therefore, owes its development to the advent and growth of steam-transport, the use of ice, and capable organisation. The North Sea, formerly very rich, has been largely denuded of fish, so that resort has had to be made to farther waters. From Hull, Whitby, Grimsby, Yarmouth, Harwich, Lowestoft, and Ramsgate, steam and sailing trawlers seek the North Sea banks (Dogger, Silver Pits, Long Forties, and Well Bank), and "carriers" convey the hauls to the ports, whence fast trains carry them to the industrial centres. The trawl brings up flat fish (flounders, soles, plaice, halibut, and turbot) and cod, haddock, hake, and ling, which feed at the bottom of the sea in shallow waters. Brighthelm, Penzance, Plymouth, and St Ives are trawling centres for the southern and south-western fisheries. The plankton feeders—herring, mackerel, and pilchard—are caught in drift nets. An important herring fishing ground is that off the coasts of the Isle of Man, and fishing fleets from Douglas, Peel, Liverpool, Southport, Blackpool, Fleetwood, and Whitehaven resort thereto. Herrings are caught also off the coasts of Norfolk, off Hastings, and off the coasts of Devon and Cornwall, pilchards off the coasts of Devon and Cornwall, sprats at the mouth of the Thames and off the Goodwin Sands, lobsters on the reefs round Jersey, and off the coasts of Devon and Cornwall, prawns on the coasts of Kent and Sussex, mackerel in the English Channel, eels in the Bristol Channel; shrimps in the Wash, oysters from the artificial beds at Burnham-on-Crouch, Colchester, Faversham, Milton, and Whitstable; and whelks at King's Lynn and Great Grimsby. The salmon, eel, and trout fisheries of the rivers Eden, Severn, Dee, Tees, Taff, Towry, Usk, and Derwent are noted. Grimsby and Billingsgate are the great fish markets, and from them and all the chief fishing ports fast trains carry the fresh and cured fish to the great industrial centres. The normal annual catch is about 700,000 tons, valued at £15,000,000. Points of interest are the migration of the cod into British waters in winter, and the herring in summer and autumn, the excellent training ground for the Navy, the ease of the East Coast in obtaining salt, barrels, and ice for fish-preserving (haddock, London; and bloaters, Yarmouth and Lowestoft), the great importance of the herring (3,000,000,000 annually); and the securing of four-fifths of the fish landed by the North-Sea ports.

The Mining Industry. Minerals have been, in all ages, of prime importance in determining the distribution of man and his settlements, their attraction is strong even where climatic disadvantages are great or communications small. To her great mineral wealth, especially in coal and iron, England must largely attribute her present world position of power. The early utilisation of coal gave England a long lead over Continental nations, and led to the localisation of industries, better communications, expanding markets, and the acquiring of colonies. Against the advantages in mining comprised in the wealth of minerals, the skill and energy of the workers, the abundance of capital, the excellent communications, and the employment of the best machinery must be placed the disadvantages of the long period of working the mines (the action of the "Law of Diminishing Returns" (*q.v.*)) comparatively thin and sloping seams (coal), the depth

of the mines, and the competition of newer countries. England, nevertheless, ranks among the foremost mining countries, and if steam power in the future becomes largely displaced by electric power the tides and the numerous streams of the mountainous west will render great aid. Notwithstanding the pessimism felt by some as to the future of British coal owing to the keen competition of other countries in the coal trade, the labour troubles of recent years, and the declining output per man, there is great hope that with better organization and better utilisation of British energy and skill, the industry will advance. With the present rate of output and the limitation of workings to depths of not more than 4,000 ft., it is estimated that the coal will last for between four and five centuries. Should mechanical invention make it possible to mine at greater depths, and new coalfields be discovered, and the coal of all types is fully utilised, the supplies should last for about seven centuries. There is also the possibility that science may discover new sources of energy, replacing in greater or less degree the use of coal. Coal is Britain's greatest source of non-metallic wealth, its greatest ballast cargo, and one of its chief exports. The normal output in England and Wales is approximately 210,000,000 tons. The chief producing regions are the basins and synclines on the margins of the uplands. In England, coal measures once covered the whole of the Pennine plateau, but are now found only on the flanks; in Wales they are found where the carboniferous rocks bend down on the eastern and south-eastern sides of the plateau. The Pennine coalfields occur near the base of the lower slopes. They are the Northumberland and Durham; the Cumberland, the Lancashire (including south-east Cheshire), the York, Derby, and Nottingham; and the Mersey, divided into the North and South Staffordshire, the Warwick, the Shrewsbury, the Coalbrookdale, and the Forest of Wyre. The small coalfield of North Wales is probably a westward extension of the North Staffordshire. Around the Bristol Channel are the coalfields of South Wales, the Forest of Dean, and the Bristol. During recent years shafts have been sunk through the newer rocks to the concealed coalfields in Kent and the north-eastern plain, with encouraging results. The most productive fields are the York, Derby, and Nottingham, with over a quarter of the output; the Northumberland and Durham with nearly a fifth; and the South Wales with over a sixth. Normally, over a quarter of the product is exported, and more than one-third of this is sent from the ports of South Wales. The valuable smokeless steam-coal and the bulk of British anthracite are produced by the coalfield of South Wales. Peat for fuel is obtained in Dartmoor, the Welsh plateau, south-west Lancashire and Cheshire, and the Pennine moors. In the older regions of the west local stone is largely used for building purposes, whereas in the younger lowlands of the south-east brick houses are common. The hard sandstones are the chief building stones, though the oolitic limestones are also used. For massive structures and for ornamental stones, the granites of Sharncliffe and Dartmoor rank as excellent; for roofing, the slates of Penrhyn, Llanberis, Festiniog, Corris, and Tiberthwaite are the best; and for paving and "road metal" the igneous rocks of North Wales, the Lake District, and Devon, provide the most durable material. Bricks are made chiefly in the

Thames Valley (London stock bricks), Staffordshire (blue bricks), Hampshire (Fareham red bricks), and in Kent and Hertford (Gault bricks). Firebricks are manufactured from the saltiest soils of the fireclays found in the coal measures, notably at Stourbridge in Worcester, and Tudhoe in Durham. The coarse clay of the "Potteries" is used for the saggers in which the china is baked, but, for the fine porcelain, the kaolin or china clay of Cornwall is required. Salt occurs in the belt of red rocks which runs in a great horseshoe round the Pennines, and is exploited in Cheshire (the Weaver Valley), Stafford, Warwick, Worcester, North Yorkshire, and Durham. Gypsum is obtained mainly from the marls of the New Red Sandstone of Cumberland, Cheshire, Derby, Nottingham, and Durham, and the Portland cement industry flourishes wherever a navigable waterway cuts through chalk or limestone hills, as at Rochester. Flint, used in the manufacture of glass and porcelain, is a product of the chalk escarpments of the south-east. Barrowdale, in Cumberland, formerly produced large quantities of graphite, but the supply is now practically exhausted. Fuller's earth is obtained in Surrey, Bedford, and Bucks, and, a hard, compact sandstone, which forms the hearths of blast furnaces, is found in many of the coalfields, and limestone, used as a flux in iron-smelting, as a manure in agriculture, and in the chemical and building industries, is extracted in most of the limestone and chalk regions.

Iron is the chief source of metallic wealth, but the home supply of 11,000,000 tons is insufficient for national needs, and is supplemented by some 6,000,000 tons of ore from Algeria, Greece, Labrador, Spain, and Sweden. Over 80 per cent. of the ore comes from the ironstones in the oolitic limestone belt. The Cleveland Hills, Lincoln, Leicester, Rutland, Northampton, and Oxford, are the chief centres. Haematite, or kidney ore, is found in pockets and veins in the limestone rim which surrounds the older rocks of the Lake District, and in the limestones of North Wales and the Forest of Dean. The coal-measure ironstones of South Yorkshire, Derbyshire, South Staffordshire, and South Wales, formerly of great importance, now supply only a small percentage of the total output. Tin has been mined in Cornwall since Phœnician times, and still yields an annual value of over £1,000,000, but the quantity of imported ore and metal from Malaya and Bolivia is twelve times as great. Copper and zinc, in insignificant quantities, are mined, the former in North Wales, Cornwall, Devon, and Yorkshire, and the latter in Cumberland and North Wales. Traces of the precious metals are found in the Welsh hills, but rarely in quantities sufficient to pay working expenses. Lead is mined in Cumberland, Durham, Flintshire, and Derbyshire. The supply, however, is barely 5 per cent. of the national needs, and many mines are on the margin of production.

The Manufacturing Industries. Industrial England has mainly westwards and northwards of a line drawn from the mouth of the Severn to the Wash. Specialisation, especially in the textile and iron industries, and great market development shown by the grading of products are distinguishing features of British manufactures. Among the numerous advantages for industrialism are the wealth of minerals, the excellent communications, the inherited skill of the workers, the enlightened Government, the old-established and abundant markets

at home and abroad, the availability of capital, and the favourable climatic factors. Raw materials for manufactures are, of necessity, largely imported, but water carriage and the short distance of manufacturing districts from the sea are compensating factors.

Of the textile industries, cotton is king. It is the greatest, most complex, most highly organized and most specialized of all manufacturing industries, and is almost entirely located on the western slopes of the Pennines, mainly in Lancashire, south of the Ribbles, and the adjoining parts of Yorkshire, Derbyshire, and Cheshire (Nottingham (cotton lace and hosiery) and Long Eaton are secondary centres). Every variety of cotton textiles is manufactured, from coarse sheetings to voiles, and it is only in the manufacture of hosiery and gloves that the British manufacturer fails to lead. Ninety per cent of the cotton operatives of Great Britain are found in an irregular quadrilateral area of roughly 30 miles by 25 miles, enclosed in the main by lines through Preston, Leigh, Stockport, and Colne. Many factors have contributed to the genesis and development of the Lancashire cotton industry. Both in spinning and weaving an equable humid climate is of great importance, as the fine filaments become more brittle and more liable to break if the relative humidity of the air is not high. Humidity is specially important in spinning: the finest counts in which Lancashire excels. The prevailing westerlies, heavily laden with moisture, are compelled to ascend the western Pennine slopes, and cooling by expansion and ascension results in rain and humid air. Hence the southern exposed valley towns—Oldham, Bolton, Bury—where clay sub-soils keep water on the surface and thus aid evaporation, are the chief spinning centres, whilst the northern towns—Preston, Blackburn, Darwen—on drier plains or in sheltered valleys, are the weaving centres. The Yorkshire woollen industry early flowed into Lancashire, and grew under the less stringent Gild regulations, and when cotton was introduced skilled labour easily and eagerly utilized the vegetable fibre. Water-supply, water-power, coal, ease of communication, the favourable location for American trade, the once sufficient supply of iron for machinery, the hereditary skill in textile manufactures, and genius for invention of textile machinery by Lancashire workers, the energy and organising power of Lancashire employers, and the sea-gate of the Mersey and the modern construction of the Manchester Ship Canal, have all played their part in Lancashire's pre-eminence. The natural advantages have been great and generations of workers have proved their worth. The best Egyptian and Sea Island cottons are used in the Bolton and Manchester districts, while short-staple American and Indian cottons are spun in the Oldham, Rochdale and Stockport areas. In the northern weaving areas Blackburn and East Lancashire towns produce fabrics for the Indian markets (shirting, jacconets, mulls, dhooties). Preston is noted for its shirtings, sheetings, long cloths, and fancy cloths. Burnley produces printing cloths, Nelson and Colne make satens and brocades. Radcliffe is largely engaged in weaving goods from dyed yarns; and Oldham is noted for fustians. Manchester, the natural route centre, is the great market and exchange, where the spinning-masters, weaving-masters, and finishers meet to buy and sell, and from whence the finished goods are distributed. Lancashire probably clothes one-third of the human race.

The British woollen industry is older than the cotton, but is less important and less highly developed. The main output is from the eastern flank of the Pennines, where the dales run down to the West Riding coalfield. Local supplies of wool have largely to be supplemented by supplies from abroad, but the excellent water supplies, the receptive Yorkshire minds, the coal at hand, and excellent transport facilities, are highly favourable factors. The towns tend to specialise. Bradford, the largest woollen-manufacturing town in the world, is noted for worsted goods, mohair braids and velvet. Halifax specialises in carpets, baize, and light worsteds. Dewsbury and Batley make shoddy and blankets, Saltaire weaves alpaca, Huddersfield concentrates on broadcloth and dress materials, while Leeds manufactures more ready-made clothes than any other town in Britain. In the West of England, Stroud, Frome, Bradford-on-Avon, Devizes, Wilton (carpets), Witney (blankets), Trowbridge and Wexbury, produce broadcloths, waterproofs, Bedford "cords" and puttees. Flannels are made at several minor centres (Rochdale, Newtown, Llandilo), and Leicester has a large knit-goods industry. The iron industry originally had its centres in the Weald and the Forest of Arden, where charcoal was easily obtainable, now the chief localities are on or near the coalfields, where limestone for a flux and gannister for the converter lining are usually near at hand. It is noted for the excellence of its products, and its premier position in shipbuilding. The great centres are the north-east coast (Newcastle to Middlesbrough), south Yorkshire (Sheffield and district), the Midlands (Black Country), South Wales, and the north-west coast (Barrow and Whitehaven). Specialization is a feature of the industry. Sheffield specialises in cutlery, edged and machine tools and ferro-alloys, the Midlands in articles which require a good deal of skill in making, such as bicycles, chains, general and domestic hardware, jewellery, and brass goods, and South Wales in tin-plate and galvanized iron sheets. The world's best textile machinery is manufactured in several of the leading textile towns of Yorkshire and Lancashire, while agricultural machinery of high repute is made in many of the chief market centres of the agricultural east. The automobile industry, centred at Coventry, Birmingham, and London, is on a large scale, but meets with severe competition from the United States and France. In shipbuilding the north-east ports and Barrow have great outputs. Locomotives and rolling-stock are built for home and export purposes at the great railway workshops of the large companies, and by the great engineering companies, and electrical goods are largely exported. Iron smelting is carried on in the Cleveland District (Middlesbrough), the Furness District (Barrow-in-Furness and Dalton-in-Furness), Yorkshire (Leeds, Rotherham, Lowmoor, and Sheffield), South Wales, and the Black Country. Tin and zinc plate manufactures, and copper smelting are characteristic of South Wales—Cardiff, Swansea, Llanelly, Newport, Neath, Merthyr Tydfil, and Aberdare are among the chief centres. The towns of the Black Country specialise in iron articles demanding a large amount of labour in proportion to the cost of the material, freight rates are the consideration. Wolverhampton (locks), Cradley Heath (nails and chains), Redditch (needles), Coventry (cycles), Walsall (saddlery), Bilston

(enamelled ware), West Bromwich (gun-barrels, locks, and safes), Wednesbury (keys and edged tools), Bromsgrove (nails and buttons), Smethwick and Dudley are noted centres. Birmingham, lying outside the Black Country, is the great centre of the Midland's iron industry, and is noted for all kinds of iron goods from a needle to a steam-engine. Command of traffic has led to the manufacturing of engines and railway carriages (coal and iron are often near at hand) at Darlington, Crewe, Eastleigh, Stratford, Doncaster, Derby, Swindon, Oswestry, Ashford, Newcastle, Manchester, and Birmingham. Newcastle is noted for heavy ordnance, Woolwich for guns, Enfield for rifles, Rotherham and Birmingham for electro-plate, Sheffield for armour-plate, Warrington for iron wire, Middlesbrough and Barrow for steel rails, and Bristol for galvanized iron. Manchester, Salford, Oldham, Bolton, Accrington, Bury, and Rochdale make cotton machinery. Leeds and Keighley make woollen machinery, and Leicester makes machinery for elastic webbing. Agricultural machinery and implements are manufactured at Ipswich, Peterborough, Huntingdon, Norwich, Newark, Gainsborough, Lincoln, and Grantham. Shipbuilding is carried on at ports with easy access to coal and iron. It should be noted that vessels are now largely built of steel, and good harbour facilities are of prime importance in shipbuilding. The Tyne ports (Newcastle, South Shields, North Shields, Gateshead, and Jarrow), Sunderland on the Wear, West Hartlepool, Barrow (protected by Walney Island), London, Birkenhead, and Hull, are the chief centres. London suffers from high rents and distance from coal and iron fields, so that its shipbuilding is of minor importance. The Government dockyards are at Chatham, Portsmouth, Sheerness, Devonport, and Portland. Other iron centres are Workington, Wigan, Consett, and Frodingham. The silk industry is a small one. The weaving of reeled silk has almost disappeared, but there is a considerable amount of spun silk and its products. Macclesfield, Congleton, Leek, Bradford, Derby, Chesterfield, Ilkeston, Brantree, Halifax, and Manchester are among the chief centres. Artificial silk—cellulose transformed into fine threads, and made lustrous—is becoming of great importance, more than 150,000 workers being employed in its spinning and weaving in Lancashire, Yorkshire, the Midlands, and North Wales. Lace-making by hand, a surviving domestic industry, is carried on in Bedford, Buckingham, and Devon (Honiton). Linen goods are made at Leeds, Barnsley and Barnard Castle, and sail-cloth at Sunderland, Hartlepool, and Stockton. The brewing industry is centred at Burton (ales and stout—the barley region around and the gypsum of the waters are aids) and London (porter, stout, and gin). Minor industries are matches at London and Liverpool; paper in Kint (Maidstone), Derbyshire, Hertfordshire, and Lancashire (Darwen and Bacup), glass at Newcastle, Stourbridge, Bristol, St Helens, Birmingham, Dudley, South Shields, Castleford, Doncaster, and Rotherham, furniture at Shore-ditch and Hoxton (London), and High Wycombe (chairs); and straw plait making-up (surviving by industrial inertia) at Luton, Dunstable, Hertford, and St Albans. Boots and shoes are made at Northampton, Wellingborough, Stafford, Norwich, Leicester, Nottingham, and Higham Ferrers in the cattle regions, and tanning is carried on in London and Bristol (imported hides). Gloves

are made at Worcester, Woodstock, Yeovil, Hereford, Taunton, and Leominster. The earthenware trade is mainly in Staffordshire. Stoke-on-Trent (Stoke, Burslem, Hanley, Longton, Tunstall, and Fenton) and Etruria utilise the coarse clays of the neighbourhood and kaolin from Cornwall and Devon. Derby and Worcester are noted for porcelain, Stourbridge for stoneware, and Lambeth for Doulton ware. Glazes are now produced which are chemically the same as the ancient glazes of China and Japan. Britain has the advantages of abundant salt, limestone, quartz, and flint in the chemical industry, and manufactures heavy chemicals with the aid of imported sulphur or pyrites at Runcorn, Northwich, Widnes, Flint, Middlesbrough, Newcastle, and the Midlands. In dye-stuffs and pharmaceutical products effective competition with Germany is difficult, but Huddersfield, Ellesmere Port, Manchester, and Middlesbrough, have recently made substantial progress. Of minor importance are the making of clocks and watches at London (Clerkenwell), Birmingham, Coventry, Prescot, and Liverpool, soap and candle manufactures at London and Port Sunlight, sugar-refining at London and Liverpool, cocoa and chocolate manufactures at Bristol, Bourville and York, and tobacco manufactures at Bristol and Liverpool.

Communications. Means of communication, external and internal, are excellent. Roads (150,000 miles) are well made and kept, river navigation has been improved by canalisation, a network of canals exists, especially in the Midlands, railways branch in all directions connecting every district, and showing a great density when compared with the networks of other commercial countries, and postal, telegraphic, aerial, and telephonic communication are very complete. The growth in the tonnage of modern ships, the large controlling powers of the railways, and the slow conveyance of goods have led to the decline in canal traffic. Motor traffic on the roads has developed to an extraordinary extent, and roads are now almost regaining the relative importance they held in the coaching days of over a century ago, many new trunk roads are in the making, and, possibly, in the future, special motor-roads may be established. The aeroplane was in its infancy in 1914, but has made such headway that it is certain to become a most important factor in commercial carriage at no distant date. There are now regular air services London-Paris, London-Rotterdam, London-Amsterdam-Berlin. A service of airships (each to be of 150 tons displacement, and to carry 200 passengers and 11 tons of mails and merchandise) between England and Australia, has been approved (time of transit, 11 days). The British cable systems are more extensive and perfect than those of any other country. Of the world's total cables of 298,000 miles, British companies own 130,000 miles. In 1923, the world's greatest cable, from Weston-super-Mare to Long Island, was completed. The telephone stations number about a million, and there are more than 4,000,000 miles of wire. The ports of London, Liverpool, Bristol, Hull, and Southampton are termini of the great ocean routes, and have excellent facilities for shipping.

Transport by rail is still the most important method of inland transport, though motor-truck transport has become a serious rival. London, from which radiate nine trunk lines, is the natural route centre of the most important railways, all of

which are the growth of less than a hundred years. For regularity, speed, and safety, British railways are unrivalled. Among the earliest railways may be mentioned the Stockton and Darlington Railway (1825), and the Liverpool and Manchester Railway (1829). Britain's industrial development gained many years' start on the rest of the world by the invention of steam railways and steamboats, which were fortunately aided by parallel developments of the banking system, the postal service, the telegraph, and the newspaper. Recently, electric railway traction has made great progress, especially in the metropolitan area, where underground tube railways deal with a huge city and suburban traffic. Prior to the 1st of January, 1923, the English and Welsh lines (some 16,200 miles) were worked by twenty-seven companies, but on that date they were organised into four great groups for more economical and effective working: (1) The Southern Railway (2,129 miles), consisting of the London and South Western, South Eastern and Chatham, London, Brighton and South Coast lines, and Isle of Wight lines; (2) The Great Western Railway (3,765 miles), consisting of the Great Western, Cambrian, and the Barry, Rhymney and Taff Vale lines; (3) The London and North Eastern Railway (6,464 miles), consisting of the Great Eastern, North Eastern, Great Central, Great Northern, North British, Great North of Scotland, and West Highland lines; (4) The London, Midland and Scottish Railway (7,464 miles), consisting of the London and North Western, Midland, Lancashire, and Yorkshire, Furness, Caledonian, Glasgow and South Western, Highland, North London, and North Staffordshire lines. The Southern Railway links London with the cross-Channel ports of Dover, Folkestone, Newhaven, Weymouth, and Southampton, with the naval stations of Chatham and Portsmouth, and with numerous inland and coastal resorts. A main line runs from Waterloo (London) through Woking (branch to Portsmouth), Basingstoke (branch to Winchester and Southampton), Salisbury (branch to Weymouth, Poole, and Dorchester), Yeovil Junction and Exeter, whence lines reach the coastal resorts of North Devon, mid-Cornwall, and Plymouth. From London Bridge and Victoria Stations (London) main lines connect the metropolis with Newhaven, Portsmouth, and Hastings, from Charing Cross and London Bridge Stations a line proceeds through Tonbridge, Ashford and Folkestone to Dover; and from Victoria, Holborn Viaduct, and St. Paul's stations another runs through Chatham, Sittingbourne (branch to Sheerness and Queenborough), Faversham, and Canterbury to Dover. The Great Western Railway serves the area lying between the two lines—London-Chester, and London-Penzance. One line runs north-westwards from London (Paddington) by High Wycombe, Warwick, Birmingham, Shrewsbury (branches through Wales and the Severn Valley), Wrexham, and Chester to Birkenhead; another main line proceeds through Reading, Didcot, Swindon, the Severn Tunnel (4½ miles), Newport, and Cardiff to Fishguard (Atlantic passenger traffic, and Irish); and a third main line runs through Reading, Newbury, Westbury, Castle Cary (branch to Weymouth), Taunton, Exeter, Plymouth, and Truro to Penzance. This last route is connected with the other two by a line from Taunton through Bristol, Gloucester, and Cheltenham to Birmingham. The London and North

Eastern Railway serves the flat lands of East Anglia, part of Central England, the eastern portion of the Industrial North, and links London with Berwick-on-Tweed and Scotland. Two main lines radiate from London (Liverpool Street) into East Anglia: (1) the eastern or coastal line, passing through Chelmsford, Colchester, Manningtree Junction (branch to Harwich—Continental traffic), Ipswich (branch to Norwich), Beccles (branch to Lowestoft) to Yarmouth; and (2) the more inland line, through Cambridge, Ely (branches to Hunstanton and Norwich), March (branch to Peterborough), and Lincoln to Doncaster. From King's Cross (London), its most important route to the north, is the famous East Coast Route, which traverses the English Plain through Barnet, Huntingdon, Peterborough, Grantham and Retford (branch to Liverpool) to Doncaster, beyond which it enters the Plain of York, sending branches to the West Yorkshire towns and running through York to reach the coastal plain at Darlington. From Darlington the line crosses the Durham plain to Newcastle (branch by the Tyne gap to Carlisle) and Berwick. The former Great Central route runs north from London (Marylebone) through Aylesbury, Rugby, Leicester, Loughborough, and Nottingham to Sheffield, where it divides, to reach the east coast through Lincoln, and the west coast through Manchester. The London, Midland, and Scottish Railway links London with Carlisle, and serves the greater part of the Industrial North. Two principal routes traverse the Midland Plain. The more easterly, the former Midland route, runs from London (St Pancras) through St Albans, Luton, Bedford, Kettering, Leicester, Trent Junction (branches to Nottingham, Lincoln, Derby, Manchester and Liverpool), Chesterfield, Sheffield, Normanton, Leeds, the Aire Gap, Settle, and Appleby to Carlisle. The West Coast route (former London and North-Western) runs from London (Euston Station) through Northampton, Rugby (branch to Stafford), Lichfield, Stafford, Crewe (branches to Holyhead—North Wales and Irish traffic—Manchester, Liverpool, Leeds, Shrewsbury, Cardiff, and Swansea) Warrington, Wigan, Preston, Lancaster, Shap Fell, and Penrith to Carlisle. Other important lines of the London, Midland and Scottish Railway are the old Lancashire and Yorkshire routes connecting Liverpool, Manchester, and Goole, and the route from Birmingham through Gloucester, Bristol, and Bath to Bournemouth.

There are nearly 2,000 miles of navigable rivers and 3,641 miles of canal, which carry annually more than 40,000,000 tons of minerals, chemicals, and general merchandise.

The oldest canal in England is the Foss Dyke, from the Trent to the Witham at Lincoln, constructed by the Romans. Modern canals date from the opening of the Bridgewater Canal in 1761, and their network is densest in the flat Midlands and industrial Lancashire and Yorkshire. It is possible for barges to cross England from east to west and from north-west to south-east by means of the canalised rivers and the canals. The Severn is navigable for boats of 250 tons to Worcester, the Thames for boats of 120 tons to Oxford, and the Trent for boats of 200 tons to Gainsborough. It has been proposed to make the Severn navigable to Stourport for 600-ton boats, and the Trent to Nottingham for 200-ton boats, and to improve the canals from Birmingham to the four great estuaries (Mersey,

Humber, Severn, and Thames) by a system of canals capable of passing barges of 100 tons. The Manchester Ship Canal (opened in 1894) enables large vessels (up to 12,000 tons capacity) to reach Manchester, thus avoiding "break of bulk." It extends from Eastham on the Mersey to Manchester, a distance of 35½ miles, is 120 ft wide at the bottom (except 90 ft near Latchford); and has a least water depth of 28 ft. The annual tonnage of toll-paying traffic is approximately 5,500,000 Gloucester is joined to the navigable part of the Severn by the Gloucester and Berkeley Ship Canal. Other important canals are the Lancaster, connecting Preston with Lancaster and Kendal, the Leeds and Liverpool; the Aire and Calder, connecting Goole with Leeds, the Grand Junction stretching from the Trent to the Thames, the Trent and Mersey, the Shropshire Union connecting the Severn and the Dee with Birmingham, the Thames and Severn; the Kennet-Avon; the Oxford Canal, the Great Western connecting Bridgwater with Tiverton, the Bude and Launceston, the Wey and Arun, the Bedford River, the Royal Military (Rye to Hythe), and the Bridgewater. Barges are the cheapest and most commodious means of transport (inland) for heavy and bulky goods not needing quick transit; and there is certainly urgent need of deeper and wider canals.

Important cross-channel routes are Dover to Calais (22 miles); Folkestone to Boulogne (26 miles), Newhaven to Dieppe (67 miles) and Honfleur (86 miles), Southampton to Havre (112 miles), St. Malo, Cherbourg, and the Channel Islands; and Weymouth to the Channel Islands. The chief North Sea routes are Hull to Stavanger, Bergen, Copenhagen, Hamburg, Rotterdam, Antwerp, and Zeebrugge, Newcastle to Bergen, Copenhagen, and Hamburg, Harwich to the Hook of Holland, Rotterdam, and Antwerp, Queenborough and Folkestone to Flushing; and Dover to Ostend. To Ireland the chief routes are Bristol to Cork (228 miles) and Waterford. Fishguard to Rosslare; Holyhead to Dublin (61 miles) and Greenore (70 miles); and Liverpool to Dublin (121 miles) and Belfast; while Liverpool, Barrow, Fleetwood, and Heysham maintain communication with Douglas (Isle of Man). Liverpool, facing America, has great American and Irish trade, Bristol's trade is Irish and West Indian; Southampton trades with the Mediterranean and the Far East, London has a large *entrepôt* trade, and Cardiff, Newcastle, and Blyth are the great coal ports.

Point, needing consideration are the growth in the speed, size, and tonnage of ocean steamships; the possibilities of State railways; the tendency to make inland towns into ports, and for certain industries to move to the sea: the probable growth of light railways in the agricultural regions, and the importance of the Navy to shipping interests.

Commerce. The United Kingdom is the leading commercial country of the World, but her supremacy came late and was hard won. Her position as a focus of trade originated with the conquest of the ocean; her genius for massive production came with the Industrial Revolution, and her shipping grew with the growth of her colonies and the decline of her rivals—France and Holland. Her climate favours human energy; her abundant and easily accessible stores of coal and iron have been a vital factor in her industrial progress;

her efficient human labour has revolutionized modern industry; and her comparatively great freedom from irksome trade restrictions and internal and external strife has powerfully aided her trade. The concentration of population in the industrial regions has facilitated the organization of her industry, the abundance of capital—the reward of energy, skill, and thrift—has steadily expanded the growth of her trade; and the nearness of the coast on both sides, the abundance of seaports, and the completeness of the communications, both by land and sea, have made easy her access to many markets. She possesses other important advantages in the spread of the English language throughout the globe, the confidence reposed in British fair dealing; the strongly established trading relations, the love of adventure and the sea, characteristic of many of her people, and the British genius for invention. Against these potent advantages must be placed the disadvantages—mainly minor—of the dearth of land and labour; the high freight rates (rail), the restrictions on labour (Factory Acts and Trade Union Regulations); the irrational spelling, royalties; the need of better technical and commercial education, the absence of a decimal system, and the high tariffs of other nations. Strong competitors—the United States, Germany, France, Italy, and Japan—who have gained much from British methods, inventions and capital, are now in the world market, and they have normally increased their trade at a more rapid rate than Britain has in recent years, and have not so largely drawn on their natural resources. Such advance is natural, and should not occasion pessimism in Britain. British capital is invested in many lands; her banking and insurance systems aid the whole world, her shipping (more than one-third of the world's) occupies the premier position, her government is stable and enlightened; and so long as her people utilize fully her unrivalled position for trade, their own excellent organization, inventive, and initiative powers, and the resources of the Britains overseas, and of their own Motherland, and keep their reputation for quality, Britain should retain her proud position. As British commerce is all sea-borne, the Navy and the Mercantile Marine have become indispensable to Britain's existence. (It is important to note that British domestic trade is of far greater importance than her international commerce.)

Trade of the United Kingdom

	Merchandise Imports	Re-exports	Exports	Bullion and Specie Imports	Exports
	£ millions	£ millions	£ millions	£ millions	£ millions
1913	769	110	525	74	62
1925	1,323	154	773	52	62

National Trade Balance, 1923

	Imports	Exports
	£ millions	£ millions
Bullion	53	69
Merchandise	1,105	886
Interest on Investments	50 (U.S.A. Debt)	29 (Interest on Foreign Investments)
Shipping Payments	30	140
Commissions	—	30
Balance of Miscellaneous Services	—	10
Available for Investment Abroad	97	—
Total	£1,335	£1,335

Percentage of World Trade				
	Imports		Exports	
	1910-1914	1920	1910-1914	1920
Nature of the Import and Export Trade				
	1913 £ millions		1923 £ millions	
	Imports	Exports	Imports	Exports
1 Food and Tobacco	290.2	32.6	510.5	44.4
2 Raw and mainly unmanufactured goods	281.8	70.0	325.0	130.8
3 Articles wholly or mainly manufactured	193.6	411.3	257.4	580.0
4 Animals not for Food			1.5	1.4
5 Parcel Post, non Dutiable Articles	3.1	11.3	3.9	10.7
6 Exports of Foreign and Colonial Produce (Entre-pôt Trade)	—	109.6	—	118.6
Total Imports and Exports	768.7	934.8	1098.3	885.9

From the tables it is evident that merchandise imports predominate over exports, and it remains to explain this apparent anomaly. Great Britain, for approximately a century, has been a mature lending country, her trade balance being marked normally by an excess of imports. Her "invisible exports," however, of services—banking, insurance, shipping, and investments—exceed by many millions her "invisible imports" of services. A minor factor in the discrepancy is the fact that imports are valued with the addition of insurance and freight charges, while the exports are valued as free on board. Britain has a large *entre-pôt* trade—a re-export of colonial and foreign goods—amounting normally to an annual average of over £100,000,000. British commerce continues to hold its premier position, but will, doubtless, be surpassed, eventually, by that of the United States. At the present time Britain's foreign trade per head of population is about £45, and that of the United States about £18. Trade with the Dominions and Colonies amounts to about one-third of the total external trade, and is *per capita* greater than the trade with the citizens of foreign countries. Three-quarters of Britain's imports are food products and materials (largely raw) for manufactures. British agriculture furnishes only about a quarter of the wheat and three-fifths of the meat consumed in the country. Failure or deficiency of home supplies necessitates large imports of mining products. Of textile materials all the raw cotton, most of the wool, and much of the flax is imported. The imports of manufactured goods, which are approximately 25 per cent. of the total import, are due to Britain largely confining herself to the production of high quality goods and the importing of the cheaper grades, and to the want of sufficient skill, technique, and sometimes cheap labour, to supply the home demand for the manufactured products of such industries as the chemical and silk. British exports of foodstuffs and raw materials consist largely of highly prepared foods and drinks, and coal. Manufactured goods form approximately 80 per cent. of the total exports, and emphasize the fact that Britain's wealth derived from overseas markets is conditioned by the skill and organizing powers of her workers. The most important trade is carried on with India, the United States, Australia, France, Germany, Canada, Holland, British South Africa, Belgium, Italy, Argentina, New Zealand, China, Egypt, Brazil, Sweden, Denmark, Spain, Norway, and Russia

(normally). The tendency of British trade is to concentrate more and more upon a few great ports of entry and departure: thus, the twelve leading ports—London, Liverpool, Hull, Manchester, Glasgow, Bristol, Cardiff, Southampton, Leith, Grimsby, and Dover—handle approximately 80 per cent. of the total trade. London and Liverpool are predominantly the two chief ports, London leading in imports, Liverpool in exports. Together, they carry on 75 per cent. of the *entre-pôt* trade, and about 55 per cent. of the foreign trade.

The chief food imports and the countries of origin are: Wheat and flour (U.S.A., Canada, India, Argentina, Australia, Russia (normally), Egypt), barley (Russia, India, U.S.A., Turkey, Rumania, Canada), oats (Canada, U.S.A., Argentina), pulses (U.S.A., Canada, China, Turkey, Egypt), maize (Argentina, Rumania, South Africa, U.S.A.); rice (Burma, Bengal, Siam, China, Java); dairy produce and eggs (Denmark, the Irish Free State, Sibera, France, Sweden, Holland, New Zealand, Australia, Canada, U.S.A., Switzerland, China, Egypt, Italy), rye (U.S.A., Canada), fish (Canada, U.S.A., Newfoundland, Norway, Holland, France, Italy, Portugal, Japan, Denmark), beef (Argentina, Australia, U.S.A., New Zealand, Uruguay, Denmark, the Irish Free State), mutton (New Zealand, Argentina, Australia, Uruguay, Holland), living animals (Canada, U.S.A., Holland, the Irish Free State), bacon and hams (U.S.A., Canada, China, Holland, Denmark, the Irish Free State), poultry and game (Australia, Belgium, Russia, U.S.A., France, Canada, New Zealand), fruits (Canary Islands, East and West Indies, Central America, Northern South America, Mediterranean countries, Canada, U.S.A., Australia, Normandy, Tasmania), sugar (Germany, France, Holland, Czechoslovakia, Cuba, Java, Mauritius, British West Indies, Peru, British Guiana, Queensland), spices and flavourings (East and West Indies, Zanzibar, India, Central America, Philippines, Malaya, Mauritius, Seychelles, China, Siam), tea (Ceylon, Assam, China, Java, Natal), coffee (Brazil, Costa Rica, British East Africa, West Africa, West Indies), cocoa (Gold Coast Colony, British West Indies, Nigeria, Ecuador, Brazil, São Thomé, Java), wine (Portugal, France, Spain, Italy, Germany, South Africa, Australia, Hungary), spirits (British West Indies, British Guiana, France, Holland), ice (Scandinavia), tobacco and snuff (U.S.A., British India, Greece, Turkey, Russia, Cuba, the Philippines, Mexico, Borneo, Egypt, Canada, South Africa); lard (Canada, U.S.A.), vegetables (North Sea countries and France), and margarine (Holland, Argentina, U.S.A., Australasia). Raw materials for manufactures are: cotton (U.S.A., Egypt, British India, Peru, Brazil, Sudan, Nigeria), wool (Australia, New Zealand, South Africa, British India, Argentina, Uruguay); flax (Russia, Belgium, Holland, France, Baltic Republics); jute (India, the Philippines, Central America), silk (China, Japan, Italy, France, India); hemp (New Zealand, the Philippines, Italy, Russia, Central America, India); rubber (Malaya, India, Ceylon, East Indies, Brazil, Belgian Congo, Peru), furs (Canada, Siberia, North Pacific Islands), timber (U.S.A., Canada, Russia, Sweden, Norway, Finland, France, East and West Indies, Central America, India, Brazil, South Africa, Australia), oils, oil-seeds, oil-seeds (Nigeria, Malaya, East and West Indies, West Africa, Egypt, U.S.A., Argentina, Brazil); petroleum and paraffin (U.S.A.,

Mexico, Russia, Burma, Persia, Rumania, East Indies), hides and skins (East Indies, Holland, Italy, Belgium, Argentina, South Africa, Australia, Brazil, Russia, France, Germany, India, U.S.A., New Zealand), tanning and dyeing materials (East Indies, France, Turkey, Italy, Natal, Argentina, India, West Indies, Germany), leathers (South Africa, Algeria, Australia, Norway, Iceland), ivory (Africa), sponges (the Levant, West Indies), gums (India, New Zealand, North Africa), paper-making materials (Norway, Sweden, Canada, Newfoundland, North Africa), iron ore (Spain, Sweden, Algeria, Greece), copper (Spain, South Africa, U.S.A., Australia, Chili, Peru), lead (Spain, Australia, U.S.A., Germany, New Zealand, France), manganese (British India, Chili, Brazil, Turkey, Russia), zinc (Belgium, Germany, U.S.A., Italy, Greece, Tunis, Spain, Australia), tin (Malaya, Bolivia, Nigeria, East Indies), mercury (Spain, Italy), platinum (Russia, Colombia), nickel (Canada, New Caledonia, U.S.A.), gold (South Africa, Australia, Canada, West Africa), silver (U.S.A., Mexico, Australia, Germany), asbestos (Canada, Italy), graphite (Ceylon, Germany, U.S.A., Spain), asphalt (Ireland, Germany, France, Italy, Switzerland), diamonds and precious stones (South Africa, Brazil, Burma, Ceylon, Colombia, Australia, Persian Gulf), sulphur (Italy), nitrates (Peru, Chile, Norway); guano (Peru), and phosphates (U.S.A.). Manufactured articles include: cotton yarns and manufactures (France, Germany, U.S.A., Japan), woollen yarns and manufactures (France, Germany, U.S.A.), machinery (Germany, U.S.A., France), leather goods and gloves (U.S.A., Germany, France, Belgium), motors (France, U.S.A., Italy); toys and musical instruments (Germany, France, Japan, Switzerland), rubber goods (U.S.A.), chemicals and dyes (Germany, Belgium), clocks and watches (U.S.A., Switzerland, Germany), scientific instruments (Germany, France), iron goods (Germany, U.S.A., Belgium), glass (Germany, Belgium, Czechoslovakia, U.S.A., Holland); paper and cardboard (Sweden, Norway, Germany, Newfoundland), electrical goods (U.S.A., Germany, France), jute goods (India); matches (Sweden, Norway, Japan, Belgium, Czechoslovakia), straw plait (Japan, China); silk goods (Japan, China, France, Switzerland, Italy, Germany), starch (U.S.A., Japan), clothing (France, Germany), and porcelain and earthenware (France, Belgium, Germany).

The chief exports are: coal (France, Italy, Germany, Denmark, Holland, Sweden, Spain, Egypt, Argentina, Norway, Brazil, Russia, Portugal), coaling stations, and bunker coal; cotton yarn (Germany, Holland, Switzerland, India, Japan, Turkey); cotton goods (India, China, Turkey, Egypt, West and East Indies, South America, West and Central Africa, Japan, Australia, Canada, U.S.A., Spain, Italy, France, the Balkan countries, Switzerland); woollen tops and yarns (Germany, Japan, Sweden, Denmark, Italy, Spain), woollen goods (Canada, Germany, Australia, France, Belgium, U.S.A., Argentina, Japan, New Zealand, South Africa, Norway, Sweden, Russia, Baltic Republics, Denmark, Austria, Hungary), flax and hemp yarn (Germany, Belgium, U.S.A., Spain), linen goods (U.S.A., Australia, Canada, Cuba, India, Argentina), silk goods (U.S.A., France, Holland, India); jute goods (U.S.A., Argentina, Canada, Brazil), iron goods (U.S.A., France, Germany, India, Australia, Japan, Argentina, New

Zealand, Holland, Belgium, China, Brazil), machinery (U.S.A., France, Germany, India, Japan, Australia, Canada, South Africa, Russia, Belgium, Italy, Argentina); porcelain and earthenware (U.S.A., Canada, Australia, Argentina, New Zealand); clothing (South Africa, U.S.A., Australia, Holland, New Zealand, Canada, Norway, Denmark, Belgium, India), chemicals (India, Australia, South Africa, France, Spain, Argentina, Belgium), ships (Norway, France, Belgium, Brazil, Holland, Sweden, Australia, Spain, Argentina); beer and spirits (Australia, Canada, East Indies, South Africa, Belgium, India), locomotives and motor-cars (India, Argentina, Brazil, Holland, France, South Africa, Australia); paper (India, Australia, South Africa, France), leather goods (South Africa, Holland, France, Belgium, Russia, U.S.A., Germany, Australia, New Zealand), fish (Germany, Poland, Russia, Spain, Italy); non-ferrous metal goods (U.S.A., France, Germany, Holland, Italy, Russia, Canada, Sweden, Australia, Argentina, Brazil, Japan), tobacco and snuff (China, Malaya, India); and arms and ammunition (India, Australia, Spain, South Africa, Japan, U.S.A.). The *entrepôt* trade is in cotton, wool, rubber, tin, tobacco, tea, hides, flax, jute, hemp, and food products. Britain needs to better her position as seller in American markets, to foster the economic recovery of Europe, to take further steps to meet American and Japanese competition in the Indian and Far East markets; to increase her lead in African and Australasian markets; to make the Empire self-contained in the major staples, and to concentrate more and more on goods of the highest grade.

Trade Centres. More than 30,000,000 of the population are town-dwellers. England is largely a land of towns, while Wales (excepting the south and certain coastal districts) has few important trade centres. There are over forty towns with populations exceeding 100,000, and of these centres, eight have populations greater than 300,000, and ten others have more than 200,000. Industrial England claims by far the greater number of important trade centres (approximately two-thirds of the towns containing populations of over 50,000).

London (administrative county—4,485,000; Greater London—7,500,000), "the Imperial Port," the chief city of the world, the world's greatest seaport and financial centre, and the capital of the British Commonwealth, first grew up on a patch of dry ground above the swamps bordering the Thames, at a point where a bridge could be built and near a ford (Westminster), which was the earliest crossing-place of the river. From London the Romans built roads leading in all directions—to Dover, Bath, Lincoln, York, Carlisle, Chester, and Colchester—and afterwards constructed the first London Bridge, at the limit of sea-navigation. The long and broad estuary of the Thames, facing the mouths of the Rhine, the Elbe, and the Scheldt, naturally attracted the early trade passing down those rivers from central and western Europe, and after the discovery of the New World and the sea-route to India the city became the half-way house for goods passing between the two hemispheres. Religious persecutions on the Continent resulted in the emigration of Flemings and Huguenots, who helped to make London a great manufacturing centre and the commercial mart of the world. All roads lead to London, and thus practically all the great railway lines have their termini there, and aeroplane routes end there.

The exceptionally high tides not only compelled the provision of docks from Poplar to Tilbury, but propel the numerous units of the barge fleets, which carry the barges up the river, for London is a barge port. London's manufactures are varied and owe their development to the easy assembling of raw materials and the distributing of the finished products, the great local market, and the excellent human factors. The factories and workshops tend to group themselves together in particular districts, so that in some respects London is a mass of small industrial towns. There are several Londons. In the east are the docks, the banks, the insurance firms, the Exchange, and the markets, grouped round the City of London in the narrow sense. Parliament houses, Government offices, law courts, and ecclesiastical headquarters are grouped round the old city of Westminster in the west. The poorest quarters are the lower areas near the river, the middle class live mainly in the suburbs, while the wealthy and professional elements live either in the west or outside London. The Port of London includes the whole of the Thames estuary to the Nore. Its quays and warehouses have a total length of nearly 50 miles, and it receives about one-third of the total imports of Britain, and sends out about a quarter of the exports. Convenience of situation has given London a great *envers et contre* trade, but only by human ingenuity are some of its disadvantages overcome. The centre of the port is practically closed to the intrusion of railways, and motor lorries carry much of the traffic between the docks and the great goods yards of the trunk railways. Shipbuilding struggles under the difficulties of crowded waterways, dear labour, and high rates, and outports, such as Southampton, Harwich, Queenborough, Newhaven, Folkestone, and Dover are necessary to cope with London's trade. London's position in south-east England, at no great distance from the Continent, and as the key to routes, makes its approaches of great military and naval importance. Chatham, Sheerness, Shoeburyness, Dover, and Portsmouth protect the capital from attacks from east and south. The water supply for London's great population is obtained from the Upper Lea (New River), from the Thames near Windsor, and from deep artesian wells sunk through the chalk to the gault clay. The city has world-wide interests, and is cosmopolitan in its outlook.

Liverpool (852,000), primarily a seaport handling one-third of the total transit trade of the Empire and much of the Atlantic passenger traffic, stands at the seaward end of the bottle-necked Mersey estuary. Less than two centuries ago it was a mere village, competing with Chester and Preston for the Irish trade. It owes its modern importance to the growth of the cotton industry and the great trade in foodstuffs and raw materials with the Americas. Its first dock was built 200 years ago; to-day, there are 9 miles of docks and 40 miles of quays. Though essentially the cotton port, it has virtually the whole of England as its hinterland, and its interests are world-wide. To it come raw cotton from the Southern States, grain from the North American prairies; rubber from South America, meat and metallic ores from the Americas; wool from Argentina, Australia, and South Africa; cattle from the western States, palm oil from West Africa, and tobacco and fruit from the Southern States and the West Indies. From it go

the cotton goods of Lancashire, the machinery and other metal manufactures of the Black Country, Lancashire and Yorkshire, the woollens of Yorkshire; and the chemicals of Lancashire and Cheshire. Among its typical industries are flour-milling, the manufacture of tobacco, sugar-refining, and the making of marine engines. Birkenhead and Wallasey are, in reality, parts of Liverpool, the former from an industrial point of view, and the latter as a residential suburb.

Manchester (755,000), the cotton metropolis, is second only to London as the headquarters of industrial, commercial, and financial interests. It stands where the Pennines can be crossed along five valleys, at a point where the hard rock of the Irwell banks made a good foundation for a Roman fort, between the Mersey marshes and the Pennine fells. Such a situation was bound to become a centre of trade when large populations centred in the valleys. The city's earliest importance lay in the manufacture of wool and flax, to which cotton was added in the fourteenth century, but the fabrics then made were of mixed material. Pure cotton goods came with the Industrial Revolution, to which Manchester's growth is due. Though more important commercially than industrially, the city has cotton and chemical manufactures, and very important engineering works. Its Ship Canal has made it a seaport, but trade inertia has so far prevented the port from becoming the greatest exporting and importing cotton centre.

Bristol (386,000), on the Avon, was the bridge place, marking the limit of navigation for ships in mediaeval times. Its early trade was with Ireland, but this was extended by the great discoveries of the fifteenth and sixteenth centuries to the West Indies and the Americas. The hinterland of the port is not large; but the ease of access to London and the Midlands, the fact that it is nearer to America than either Liverpool or Southampton, the coal of the Bristol coalfield, and the construction of large docks at Avonmouth and Portishead to accommodate large vessels, help Bristol's expansion. In recent times the decrease in the imports of West Indian sugar has caused Bristol to develop its trade in cocoa, tobacco, and fruit. The refining of sugar, the manufacture of cocoa, chocolate, and tobacco, and engineering, are its chief industries.

Hull (297,000), on the Humber estuary, the third port in England, has a hinterland population of perhaps 10,000,000. Its trade is of many kinds, but the chief import is oil-seeds, which are crushed in the city's great mills. Other imports are wheat, raw wool, pit props, meat, dairy produce, flax, hemp, and sugar. Among its chief exports are coal, woollens, cottons, silks, and leather goods. Much fish is landed on its quays, but it ranks second to Grimsby, which has the advantage of being nearer the sea, and also nearer by rail to London. Immingham, especially equipped for the export of coal, and lying near the newly-worked concealed coalfield, threatens the coal trade of Hull.

Newcastle (286,000), the chief port and centre of the Northumberland and Durham coalfield, lying 8 miles up the widened and deepened Tyne, stands at the meeting-place of land-roads from Scotland, London, and Carlisle, and sea-roads from everywhere. It is an ancient "bridge" port and a modern manufacturing port and town, numbering among its industries shipbuilding, the manufactures of ordnance, iron and steel goods, machinery,

glass, and chemicals, locomotives and marine engines, and the exportation of coal.

Plymouth (247,000), the chief naval dockyard, and the only really first-class fortress in Britain, stands on Sp thead, at the entrance to an almost land-locked harbour, sheltered by the Isle of Wight. Its Royal dockyard dates from Tudor times, and still retains its importance in spite of the fact that it is far from the coal and iron fields, and that the south coast is not now the most liable to be attacked.

Cardiff (226,000), on the Taff, the capital of the old British kingdom of Gwent, the largest city in Wales, and the leading coal-exporting centre of the world, owes its predominance to the convergence of valleys, the steam-raising excellence of the coal of Glamorgan, the wise expenditure of locally won wealth on fine docks (110 acres) and facilities for storage and transportation of goods, its direct touch with industrial populations, and the coal and iron of the coalfield which and its coke-oven and chemical industries, the smelting of iron and copper, shipbuilding, and iron founding.

Sunderland (165,000), on the Wear, is an important shipbuilding centre, and the outlet for the coal and iron of the Durham coalfield. It has iron-works forges for anchors and chains, glass works, chemical factories, paper mills, and rope and cordage works.

Birkenhead (154,000), on the Mersey, possesses a large natural dock, the Great Float, around which stand large shipbuilding and engineering works.

Southampton (167,000) occupies a peninsula at the head of Southampton Water, between the mouths of the Test and the Itchen. It is a most important packet station and port of call, and its double tides, its position as the centre of the south coast, its docks on the double front, its excellent railway communications, and the natural break water of the Isle of Wight, enhance its importance. Its trade is principally with France, Spain, Africa, North and South America, South Africa, and Australia. Nearness to Aldershot, Salisbury Plain, and Havre causes it to be a military and ferry port.

Gateshead (129,000), on the Tyne, is connected with Newcastle by three noted bridges, and its trade resembles that of Newcastle. It has shipyards, and chemical, glass, and engine works; and makes electric cables, wire, ropes, and cement.

Swansea (163,000), the second port of Wales, at the mouth of the Tawe, where western valleys converge, is the great steel-working, tinplate, oil-refining and copper and nickel smelting centre.

Plymouth (210,000), on Plymouth Sound, carries on an increasing trade with America, and competes with Southampton With Devonport and Stonehouse it constitutes "the Three Towns." It is a great mail and passenger port, and a port of call for South African and Eastern boats.

South Shields (126,000), on the Tyne, has a trade similar to that of Newcastle, and is a growing port.

Newport (96,000), on the Usk, is an important coal port, and the outlet of the colliery and iron district behind it.

Other seaports are Grimsby (87,000), the chief fishing port; Bootle (83,000), an extension of Liverpool; West Hartlepool (71,000), a shipbuilding centre; Barrow (74,000), a shipbuilding centre; Tynemouth (56,000), Great Yarmouth (58,000), an important fishing centre, Stockton-on-Tees (67,000), a ship-building centre, Gloucester

(53,000), Goole, a river port, Harwich, Dover, Newhaven, Folkestone, Weymouth, and Fishguard, packet stations, and Maryport, Workington, and Whitehaven, coal ports.

Industrial Centres. **Birmingham** (947,000), the commercial, industrial and intellectual capital of the Midlands, the largest provincial city of England, and the third largest of the United Kingdom, lies roughly at the point of junction of the threefold division of the Central Plain. Canals and railways lessen the disadvantages of its inland position, and its concentration on small, valuable metal articles tends also to its advantage. It draws to itself the resources of the industrial region to the north, the agricultural districts to the south, and the Severn valley region and Welsh Marshes to the west. It supplies their multitudinous wants, serves their interests, and centres their thoughts. Its industries are varied, but it specializes more particularly in small metal goods of all kinds—steel pens, swords, gunbedsteads, jewellery, buttons, medals, brasswork, and the standardized parts of bicycles and motor-cars.

Sheffield (525,000), at the head of the navigation of the Don, is the chief iron and steel manufacturing town of Yorkshire. Its earliest important production was cutlery, and modern human factors have made it the centre of the science of Ferro-Metallurgy. Its manufactures include railway plant, cutlery, edged tools of all kinds, boilers and steel-work for ships, armour-plates and guns, textile machinery, and silver and electro-plate.

Leeds (472,000), stands where the Aire Valley enters the Plain of York, on the easiest route through the Pennines to the west coast regions. It is the centre of the Yorkshire woollen industry, a railway and canal centre, and the second town in Yorkshire. Its manufactures include ready-made clothing, cloth, boots and shoes, textile machinery, linen, tobacco, glass, soap, chemicals, railway and road engines, and steam ploughs. Modern research at its university has helped to improve processes, and produce new substances.

West Ham (317,000), to the east of London, is a town of recent rapid growth. Shipbuilding, brewing, and the manufactures of matches, soap, chemicals, and artificial manures represent its activities.

Bradford (290,000), in the West Riding of Yorkshire, weaves more mohair than any other centre in the world. Worsteds, velvets, and plushes are its specialties. It has large dye-works.

Nottingham (270,000), on the Trent, manufactures leather, cycles and motor-cars, hosiery and lace, and lace-making machinery.

Stoke-on-Trent (the city includes Hanley, Stoke-on-Trent, Burslem, Longton, Tunstall, and Fenton) (278,000), is the centre of the pottery industry, and utilizes local clays for the coarser kinds of earthenware, and kaolin for the finer porcelain and china wares.

Salford (243,000), the inseparable companion of Manchester, has similar industries to its greater sister. Recently it has been made a city.

Leicester (242,000), on the Soar, is an old Roman town, and manufactures woollen hosiery, agricultural machinery, boots and shoes, elastic-web, and lace.

Bolton (181,000), once famous for its woollen industry, is now a great cotton-spinning centre. It is also engaged in the coal and iron trade.

Croydon (196,000), a suburb of London, manufactures church clocks and canlions. It is also the airport for London.

Willesden (154,000), a suburb of London, is a great railway junction.

Rhondda (167,000), in Glamorganshire, is a great coal-mining centre.

Oldham (147,000), in South Lancashire, is a great cotton-spinning centre, and manufactures textile machinery.

Tottenham (149,000), *East Ham* (147,000), *Leyton* (128,000), *Wimbledon* (58,000), *Walthamstow* (127,000), *Ealing* (68,000), *Hornsey* (87,000), *Ilford* (78,000), *Edmonton* (68,000), and *Acton* (61,000) are suburbs of London.

Blackburn (128,000) is an important Lancashire cotton-weaving centre.

Derby (134,000) stands where the Derwent emerges on to the plain. Once an important strategic point owing to its command of the Derwent Valley, it has become a great railway junction, and the site of great locomotive- and carriage-building works. It has also porcelain, textile, and silk industries.

Norwich (124,000), on the Wensum, castle town and cathedral city, manufactures all kinds of agricultural machinery and appliances, silk, mustard, starch, and boots and shoes.

Preston (123,000), at the mouth of the Ribble, has, in addition to its cotton-weaving industry, important manufactures of electric cars and railway carriages.

Stockport (126,000), at the foot of the moors east of Manchester, is a cotton centre.

Huddersfield (112,000), in the West Riding of Yorkshire, makes woollen goods of all kinds, but especially broadcloth and dress materials.

Coventry (129,000), in Warwickshire, a very old town, once famous for silk and more recently for watches and bicycles, has now large motor-manufacturing and artificial silk works, which have caused a remarkable increase in its population.

Burnley (103,000) is a cotton-weaving centre and makes looms.

Middlesbrough (136,000), on the south side of the Tees, has had a remarkable growth. In 1829 a solitary farmhouse marked its site. Its present importance as an iron centre is due to the iron ore of the Cleveland Hills, the coal of Durham, and the dredging of the Tees estuary. Iron and steel works, shipbuilding yards, and chemical factories represent its industries.

Halifax (99,000) makes worsteds, baize, carpets, woollen goods, and textile machinery.

Other industrial centres are *St. Helens* (109,000), glass and chemical works, *Wolverhampton* (108,000), *Walsall* (101,000), *Merthyr Tydvil* (84,000), *Smethwick* (79,000), *West Bromwich* (79,000), *Rotherham* (70,000), *Enfield* (61,000), *Dudley* (59,000), and *Aberdare* (51,000), iron centres, *Rochdale* (93,000) and *Bury* (57,000), wool and cotton centres, *Wigan* (91,000), coal and iron-smelting centre; *Reading* (94,000), biscuits and seeds, *Leather*, *Ipswich*, wire, *Northampton* (94,000), *Warrington* (78,000), (83,000), and *Lincoln* (87,000) agricultural machinery, *Darlington* (69,000), and *Swindon* (57,000), railway works; *Barnsley* (71,000), *lunen*, *Burton* (50,000), brewing, *Dewsbury* (55,000), shoddy, *Wakfield* (53,000), wool; and *Luton* (59,000), straw-plait finishing.

Towns of Historic Interest and Pleasure and Health Resorts. *Brighton* (138,000), "London-super-Mare," is a pleasure and health resort of modern growth, on the Sussex coast.

York (84,000), at the head of the navigation of

the Ouse, is an old Roman town, a cathedral city, a great railway junction and a market town. Flour-milling, confectionery, cocoa works, and railway works make it prosperous. Its command of routes makes it the centre of the military life of the north.

Bournemouth (92,000), near the Dorsetshire border, is a modern health and pleasure resort, and owes its popularity to the pine-clad valley of Bourne Brook, its sands, its beautiful surroundings and its excellent railway service.

Wallasey (91,000), on the Mersey, is, in reality, a Cheshire suburb of Liverpool, and a health resort. Its growth has been great, and is still increasing.

Bath (69,000), on the Avon, famous in Roman times for its hot springs, is a noted invalid resort.

Southend (106,000), on the Essex coast, is a favourite watering-place.

Hastings (61,000), on the Sussex coast, is an old Cinque port and modern watering-place.

Blackpool (78,000) is a pleasure resort on the Lancashire coast.

Oxford (57,000), at the confluence of the Cherwell and Thames, is an ancient university town. It is the most important market and ford town in the clay vale.

Eastbourne (55,000), on the Sussex coast, is a pleasure resort.

Southport (74,000) is a Lancashire watering-place.

Exeter (60,000), on the Exe, is an old Roman town and cathedral city. It has paper mills and tanneries.

Worcester (50,000), near the confluence of the Severn and Teme, is an old Roman town noted now for its gloves and porcelain.

Chester (42,000), on the Dee, is noted for its Roman walls and associations, and its quaint old houses. It is still an important railway junction, six main lines and many minor lines meeting in its station, but has lost its importance as a port owing to the silting-up of the Dee estuary.

Canterbury (23,000), situated where the Stour emerges from the chalk downs, has a fine collection of ecclesiastical buildings, and is the chief ecclesiastical centre of England.

People and Government. Nordic, Alpine, and Mediterranean races have mingled to form the British nation, so various in the appearance and characteristics of its individuals. Most of the people are long-skulled. In the east they are mainly tall and fair, in Wales and the south-west they are darker and shorter. A national common type tends to develop in the upper classes, and it is possible to distinguish the dark and emotional Welshmen, the Anglo-Dane of the North and East, the Saxon of the South and West, and the cosmopolitan Londoner. Striking characteristics of the race are the love of independence and adventure, the rare bodily vigour, the strength of will, the calmness in deliberation, the deep sense of justice, the Government is that of a free democracy, the highest developed in the world. Since 1922 the British Isles have not all been under the control of the Parliament sitting in London, the Irish Free State is now a Dominion with its own Parliament, and Northern Ireland has its own Parliament for local affairs. Thus the British Parliament has now the direct government of Great Britain only. Insularity preserves and continues Britain's excellent social organisation; accessibility leads to

outside stimulus, and soil, climatic and sea effects encourage a virile growth and patriotism.

The Islands of England. *The Isle of Man*, ancient Mona (area = 227 square miles, population = 62,284), is situated in the Irish Sea, 75 miles north-west of Liverpool, and is almost equidistant from England, Wales, Scotland, and Ireland. It is a mountainous island, closely comparable with the Lake District in structure. The northern part is a lowland of New Red sands, the south has limestone, and old slaty rocks occupy almost all the island from Ramsey westward by the mouth of Sulby Glen to the Galf of Man at the south-western end. Snaefell (2,034 ft) is the highest point. The leading industries are fishing, centred at Peel, stock-rearing, agriculture (oats, barley, turnips, potatoes, and grass), slate-quarrying, mining (lead, copper, zinc), and the manufacture of woollens. Perhaps, the chief resource of the island is the entertainment of summer visitors from industrial Britain, attracted by the lovely glens, health-giving climate, and holiday allurements. Douglas, the capital (20,326), Ramsey (4,150), Peel (2,500), and Castletown (1,900), the ancient capital, are the chief towns. The island is administered in accordance with its own laws by the Court of Tynwald, consisting of the Governor, appointed by the Crown, the Legislative Council, composed of the Lord Bishop of Sodor and Man, two Deemsters, the Attorney General, two members appointed by the Governor, and four members elected by the House of Keys, a representative assembly of 24 members.

The Channel Islands consist of nine inhabited islands and innumerable rocks, lying in a cluster in the Bay of Avranches, $\frac{1}{2}$ to 30 miles from the French coast (total area = 77 square miles, total population = about 91,000, Jersey—45 square miles, 50,000 population, Guernsey—25 square miles, Alderney—4 square miles, and Sark—1½ square miles—are the chief islands). They are the sole remaining possession of England's Norman heritage. Resemblance to England's south-western peninsula is seen in their wave-beaten, rugged, cliff-edged coasts, the beautiful colours of the landscape, and their attraction of summer visitors. Most of the inhabitants are engaged in fishing (cod and lobster), dairying ("Alderney, Guernsey, and Jersey breeds"), granite quarrying, and the growing of early flowers and vegetables and the culture of grapes and tomatoes for the English markets. The chief centres are St. Helier (30,000), the capital of Jersey, and St. Peter's Port, the capital of Guernsey. The islands are administered according to their own laws and customs, and French is still the legal language, though English is generally understood and taught in the schools. Like the Isle of Man, the Channel Islands are not bound by Acts of the Imperial Parliament unless specially mentioned in them.

British Possessions. The British Empire comprises over one-quarter of the globe (approximately 13,800,000 square miles), and one-quarter of the world's population (460,000,000). It possesses every type of civilization and climate, all the great commercial staples, almost every known metal, every stage of industrial development, every religion, and every human problem. It grew out of private enterprise and effort, and was the outcome mainly of the British love of liberty and zest for trade. From an administrative point of view it has been divided into three groups: the Domin-

ions, a group consisting of Colonies, Protectorates, Spheres of Influence and Mandated territories, and the Empire of India. The first group (Canada, Australia, New Zealand, Newfoundland, the Irish Free State, and the Union of South Africa) governs itself, has reached the stage of nationhood, and has equality politically with the Motherland, with which it forms the British Commonwealth of Nations. India and Rhodesia have moved towards self-government, and the prevailing idea is to allow the inhabitants of each region to have as much control over their affairs as their development will permit. To Great Britain and her colonies partnership has been mutually advantageous, and the Empire has a common ideal towards which it consciously strives or towards which it is guided. Throughout history there has never been such a vast and complicated organization of peoples held together by their own assent and their own unfettered choice.

All the important British possessions are noticed fully in separate articles.

ENQUIRY AGENT.—(See INQUIRY AGENCIES.)

ENTAILED ESTATE.—An estate is said to be entailed when it is directed, by the will or the settlement under which it is held, to pass on to the heirs of the body of the holder for the time being. The holder is the tenant in tail (*et c.*). Entailed estates are retained by the Law of Property Act, 1925, but they are looked upon as equitable estates. The principle is further extended to pure personal estate, thus further bringing real and personal property into line. (See ESTATE TAIL.)

ENTERED AT STATIONERS' HALL.—This was a phrase which was usually found at the beginning of literary works published before the Copyright Act, 1911, came into force. It was essential that this notification should be given, thereby indicating that the author, or his assignee, reserved the right to prohibit the publication of the work by any third party during the pendency of the copyright. By the Act of 1911 the necessity for giving this notice was completely dispensed with. Registration, or entry at Stationers' Hall, is, therefore, no longer an essential matter in securing copyright.

ENTERTAINMENT TAX.—This tax is under the control of the Excise Department, and constitutes a charge on admission to any exhibition, performance, amusement, game, or sport to which persons are admitted for payment.

(The exemptions are—

Where the whole of the undertakings are devoted to philanthropic or charitable purposes without any charge on the takers for any expenses.

Where the entertainment is entirely educational. Where for partly educational or scientific purposes by an association not formed for profit.

Where for the object of reviving national pastimes in the case of associations not for profit.

Where provided by or for a school, etc., established or conducted not for profit.

Where the entertainment consists of an exhibition—

(a) of the products of industry or skill in industry,

(b) of works of graphic art, sculpture, or craftsmanship executed by persons who carry on such work as their main occupation, and

(c) of articles or displays of skill of interest in relation to public health.

Repayment of the tax will be made if the total net proceeds of the entertainment are devoted to

charitable purposes and the expenses do not exceed 50 per cent of the receipts

The tax was modified in 1924, no tax being payable up to 6d

ENTREPÔT.—This is really a French word, which has, however, become incorporated in the English language. In France, the name properly signifies a bonded warehouse, or a place where goods imported may be deposited, and whence they may be withdrawn for export without the payment of any duty. In process of time it has now become commonly applied to any seaport or commercial town through which the exports and the imports of a large district pass

ENTREPRENEUR.—This is the name that economists give to the man who controls industry, taking upon himself the risks of the business and receiving as his reward the profits of the business. Perhaps a better name would be "enterpriser." This name is, indeed, becoming more common among writers on economic questions. Thus, Giffen writes, commenting on the fact that present gains are very often wastefully preferred to larger future gains—

"Probably there are no works more beneficial to a community in the long run than those, like a tunnel between Ireland and Great Britain, which open an entirely new means of communication of strategical as well as of commercial value, but are not likely to pay the individual enterpriser in any short period of time"

"Venturer"—a term famous in economic history, where the "Merchant Venturers" play a great part—is also suggested as an improvement on the French term

The entrepreneur is the man to whom is given the name "captain of industry." His great function is to organise industry, he brings supply and demand together. One part of his function is the recruiting and training of the workers, the raising of the factory walls, and the installing of the machinery, the bringing together of materials, and the devising of better ways of making his product. On the other hand he has the important though often overlooked function of finding a market for his product. The fact, however, that he takes business risks is his distinctive mark. He has control of capital, either his own or that of others who have sufficient confidence in him to entrust him with the capital. The capital might have been put into a safe investment. Instead, it is expended in building plant, material, in paying wages, and in finding a market. The capital has been realised, and is now thrown into the melting pot where there is risk that it may not emerge in as great quantity as before. It has been risked, and the risk may be realised. The entrepreneur's work of organisation is often represented as that of leading others in a fight against want. The entrepreneur is the officer, the workers are the rank and file of the industrial army. Carlyle writes, for instance—

"The blind Plugson he was a captain of industry, born member of the ultimate genuine aristocracy of this universe, could he have known it! These thousand men that span and tolled round him, they were a regiment whom he had enlisted, man by man, to make war on a very genuine enemy. Bareness of back, and disobedient cotton-fibre, which will not, unless forced to it, consent to cover bare backs. Here is a most genuine enemy, over whom all creatures will wish him victory. He enlisted his thousand men, said to them, 'Come, brothers, let us have

a dash at Cotton!' They follow the cheerful shout; they gain such a victory over Cotton as the earth has to admire and clap hands at but, alas

Why, Plugson, even thy own host is all in mutiny. Cotton is conquered, but the bare backs are worse covered than ever."

ENTRY.—This is the account kept of all goods which are exported from or imported into this country, whether the latter pay duties or not. This entry is kept for statistical purposes

ENTRY FOR FREE GOODS.—A Customs form on which duty free imports have to be declared (See CUSTOMS FORMALITIES)

ENTRY FOR HOME USE EX SHIP.—The Customs form on which is made the entry of dutiable goods which it is desired to clear promptly on landing. A prime entry is first lodged, and is followed, if actual out-turn is found to differ from estimated out-turn, by a *post entry* covering the difference, when more than 1s extra duty is payable (See CUSTOMS FORMALITIES)

ENTRY FOR WAREHOUSING.—This is a Custom House document which is brought into play when dutiable goods are imported, but are stored away for a period in a Government or bonded warehouse until they are required for use. The form is filled in by the importer, and the goods are fully described, so that they may be removed in the regular way from the importing ship to the desired warehouse

ENTRY INWARDS.—(See CUSTOMS FORMALITIES)

ENTRY OUTWARDS.—(See CUSTOMS FORMALITIES)

ENVELOPE OPENERS.—There are various appliances on the market for opening envelopes without injuring their contents. These shave off the edge of the envelope, thus allowing the enclosures to be withdrawn with considerable rapidity

ENVELOPE-SEALING MACHINES.—Considerable time is, in a busy office, expended on the sealing of the envelopes containing the outward letters. The old way of licking the flaps was both harmful and much too slow. The present office method of laying the envelopes out flat one over the other, with the gummed edges exposed, and damping the gum and turning the flaps over one by one, is undoubtedly very effective, and if the letters are of varying size or bulky, it is probably the best method. In the case of the dispatch of a large mail, however, where all the envelopes are of one size, the use of a sealing machine is very economical. Several makes of such machines are on the market, particulars of which are obtainable from any stationer

EQUATION OF PAYMENT.—Equation of payment is the term given to the method by which the average date for payment, in one sum, of several items due at different dates, is found.

When the whole of the items are either debit or credit, it is termed simple equation, and compound when items are on both debit and credit sides of an account

The object of obtaining the equation is to arrive at such an adjustment on the interest affecting each item that neither party obtains any advantage by the giving and allowing of period of credit. Such period is known as the equated time, and the date on which the sum is to be paid is called the equated date or the average due date

Rule. 1 Find the date on which payment of each transaction falls due (the due date).

2 Take the due date of the first transaction as a starting point.

3 Calculate the number of days from this starting point to the due date of each transaction (adding one "extreme" only)

4 Multiply each number by the amount of the transaction

5 Add the products and find the total amount of the transactions in £

6 Divide the total products by the total of the transactions which gives the number of days to the average due date, computing from the date taken as starting point, but not including it

Example of Simple Equation of Date. The following goods have been supplied, and it is desired to settle the account by means of a three months' bill drawn on the average date

March 30th	£192
April 30th	211
May 31st	118
June 30th	247
July 30th	94

Date of Invoice	Amount	Days from March 30	Products
March 30th	192	0	0
April 30th	211	31	6,541
May 31st	118	62	7,316
June 30th	247	92	22,724
July 30th	94	122	11,468
	862		48,049

$$48,049 \div 862 = 56$$

56 days from March 30th = May 25th.

Therefore the bill will be drawn at three m/d from May 25th

An example of compound equation of date is shown below

(See also AVERAGE DUE DATE)

EQUIPMENT BONDS.—(See AMERICAN SECURITIES)

EQUITABLE CHARGE.—When a person desires to borrow money for a short period, he is often anxious to avoid the expense of a regular mortgage,

and he, therefore, executes a document which serves as a charge upon the property, real or personal, which is to be the security for the loan, and which can be enforced in equity if the debt is not liquidated in due course (See EQUITABLE MORTGAGE)

EQUITABLE ESTATE.—This is the name given to an estate which is held by a person, not in a strict legal sense, but in a manner which gives him a right, nevertheless, to enjoy the advantages attached to the same. By the Law of Property Act, 1925, the only estates, interests or charges which are capable of subsisting and being conveyed or created *at law* are (i) an estate in fee simple absolute in possession, and (ii) a term of years absolute. All other interests or estates are equitable save easements over the fee simple or term, rent charges in fee or for years or legal mortgages.

EQUITABLE EXECUTION.—(See ACTION, EXECUTION)

EQUITABLE MORTGAGE.—In many cases where money is advanced temporarily, and not as a species of investment, it is the common practice for the borrower to deposit with the lender the deeds referring to the property, together with a note or memorandum of deposit. The memorandum generally stipulates that the borrower will, if required, execute a legal mortgage if called upon to do so. This is what is known as an equitable mortgage. The possession of the title deeds gives the mortgagee an adequate security for his loan, and this particular species of mortgage is frequently resorted to when an advance is required from a banker or other person. Since the passing of the Law of Property Act, 1925, the only way in which an equitable mortgage of a legal estate can come into being is by the deposits of deeds to secure more or less temporary borrowings. Any mortgage by deed, whether first or subsequent, becomes automatically by virtue of the Act a legal mortgage secured by a term of years. The first mortgage is secured by a term of 3,000 years, and the second by a similar term and one day more. It is unlikely that equitable mortgages will continue in view of the powers to create by deed "a charge by way of legal mortgage". Of course the mortgage of an equitable interest will remain an equitable

Example of Compound Equation of Date. The following is an account of transactions between two parties, all goods being subject to three months' credit—

Feb 10	To Cash	£150	Jan. 5	By Goods	£360
" 20	" Goods	350	Mar 1	" Cash	100
" 28	" "	200	April 10	" Goods	80
Mar 3	" Cash	440			

It is desired to settle the account on an equated date

Date	Date due	Amount	Days from Feb. 10.	Products	Date	Date due.	Amount	Days from Feb 10	Products.
Feb 10	Feb 10	£150	0	0	Jan 5	April 5	£360	54	19,440
" 20	May 20	350	99	34,650	Mar 1	Mar 1	100	19	1,900
" 28	" 28	200	107	21,400	April 10	July 10	20	150	3,000
Mar 3	Mar 3	440	21	9,240	Balance		660		40,950
		£1,140		65,290			£1,140		65,290

$$40,950 \div 660 = 62$$

62 days from February 10th = April 13th.

mortgage All mortgages other than first mortgages now require registration to preserve priorities (See MORTGAGE)

EQUITY.—This is the name that has been given to that branch of the law which was a species of supplemental justice, where the common law (*q v*) was inadequate, and was formerly administered in the Chancery Courts. As is well known, the common law became a rigid kind of code at a comparatively early period of English history, and if a suitor was unable to bring his case within one of the writs recognised in the common law courts, he was absolutely without a remedy. It was to alleviate this evil that a subsidiary body of law arose, and its administration was in the hands of the Lord Chancellor. It is thus a curious fact that in our legal history a suitor's chances often depended upon the particular court in which he instituted his action. Without entering into the curious and absurd conflicts which arose out of this dual body of law, it is sufficient to state that equity gradually became as fixed as the common law, although the systems were kept distinct until the passing of the Judicature Acts of 1873 and 1875. Since the last-named year, law and equity have been administered equally in all the divisions of the High Court of Justice, and if there is now any conflict between the rules of law and of equity, those of equity are to prevail.

EQUITY OF REDEMPTION.—This is the name given to the right which a mortgagor always possesses to redeem his mortgaged property, unless his right is put an end to by process of law. Thus, A mortgages his property to B. B has the legal estate in a term of 3,000 years subject to the right that the term ceases on repayment of the loans, and A has the legal estate in the fee simple reversion. So long as A keeps up the payment of interest and observes the covenants, if any, in the mortgage deed, he can always redeem his estate, that is, end B's term of years by paying what is due. And again, if A is in arrear and B proceeds to realise his security in any way, A is able, by liquidating his debt or by other means, to endeavour to postpone the extreme measures which would result in the absolute loss of his property. The right that thus exists, which is founded on the maxim "Once a mortgage, always a mortgage," is called the equity of redemption (See MORTGAGE)

ERASURES.—All corrections in accounts should be made by passing the necessary entries to put matters in order through the journal, with a narration fully explaining the entry, but if it is absolutely necessary to alter an entry direct, the figure should be crossed through in such a manner that the original entry may be distinctly read, and the new figure inserted over or under it. Erasures often give rise to suspicion, especially when made so neatly that it is apparent the person making them has not wanted the alterations to be noticed, and when so made often cause difficulty in balancing the books, through the contra entry not having been altered accordingly; and the fact of the alteration not being easily seen causes it to be passed over when scrutinising entries where the difference may be likely to be discovered.

In the case of legal documents, erasures should be carefully avoided. If a deed is in any way altered, it is presumed to have been done before the execution, until the contrary is proved, and then it is clear a forgery has been committed. The presumption is the opposite in the case of a

will. If, therefore, alterations appear in a will, these alterations must be executed as the will itself, otherwise they are of no effect. (See WILLS) Any alteration or erasure on a bill of exchange or a cheque must be intailed by the drawer.

ERGOT.—A parasitical fungus, producing a disease in the cereals which it attacks. It is found chiefly on the seed of rye, and a liquid extract is obtained from it, which is useful in cases of hæmorrhage and in attacks of migraine. In another form it is used for hypodermic injections, but care must be exercised in its administration, as large doses are poisonous. Germany and Russia supply Great Britain.

ERMINE.—The name given to the stoat when in its winter coat of white fur. The ermine is a small carnivore of the weasel family. Its fur is in great request for the robes of State dignitaries, and is much prized for stoles, muffins, coats, etc. The end of the tail is black. Though the ermine is common in the northern parts of both the Old and New Worlds, the valued white-coated specimen is confined to the highest latitudes. Great Britain's supplies come from Norway, Siberia, Lapland, and the extreme north of Canada.

ERRORS, DETECTION OF.—As referring to accounts, although there is no method by which errors may be altogether obviated, they may be easily detected and rectified by the adoption of a thorough system of organisation. This system should comprise the allocation of staff duties in such a way that in every operation the operation is conducted by one person in the first instance, checked by another, and, wherever possible, re-checked by a third. Thus, in paying wages, one person should make up the wages sheets, another check them, and a third make them up ready to hand to the employees; in stocktaking the stock should be taken down by one, extended by a second, and checked by a third; in posting books of account, the postings should always be re-checked by a person other than the ledger clerk; in totalling the subsidiary books, the additions should be re-checked by a second person. A good check is ensured on ledger accounts by the settlements, and any alterations which may be then made should never be left on the account, but immediately and thoroughly cleared up through the books.

Not only should the staff be well organised, but the books themselves should also be on a well-organised system with a view to the detection of errors. Thus, by the adoption of columnar books, cross totals are of great service in ensuring a perfect balance up to a certain point, and self-balancing ledgers (*q v*), also assist in localising errors to one particular ledger and the subsidiary books referring to it. (See also CHECK-FIGURE SYSTEM)

If, however, on balancing the books the trial balance is found to be incorrect, much may be done in order to detect the errors without the trouble of a complete re-check, and although a great deal in this direction depends upon the ingenuity of the book-keeper having regard to individual weaknesses of the persons having charge of the various books, the following are directions in which errors are often found to have arisen, and are suggestive of others of similar description—

1. Omission to post discount totals from cash book to ledger.

2. Omission of balances, especially that of cash book balances.

3 Errors in abstracting ledger balances, or in totalling them.

4 Errors in totalling, in the subsidiary books, ledger accounts, or the trial balance itself, thus class of errors often arising from—

(a) Indistinct figures, as 1 and 7, 3 and 5, 7 and 9, being so indistinct as to be misread

(b) 1, 5, 10, and similar errors peculiar to the person making the addition

5 Postings made to the wrong side
6 Posting or carrying forward of incorrect amounts, the figures often being transposed or "advanced"

If the difference is a round sum, say £1, £10, or £100, it is most likely to have arisen through an error in addition

When the difference is exactly divisible by two, any amount which is exactly half the difference should be checked to ascertain whether it has been placed in the wrong column of the trial balance or posted to the wrong side of the ledger account. Further, any items in the subsidiary books of the same amount as the difference should be examined to see whether they have been debited (or credited) twice in error

In the case of transposition between tens and units, the difference is always a multiple of 9, and in the case of transposition between hundreds and units, the difference is always a multiple of 99

In the case of errors made by advancing a figure, the error may be discovered if it is revealed by the following test—

Taking such a sum as £24 2s 6d posted as £242 6s, the difference in balancing would be £218 3s 6d. Set down the difference, and above the pence set down such a figure as will give an addition of even shillings, and place the same figure as the addition of the shillings, on the top line set down the figure required to add up, and place the same figure as the addition of the pounds, and so on. The top line and the addition line will then give the item incorrectly posted—

	£	s	d
	24	2	6
	218	3	6
	£242	6	0

In a set of books of any magnitude the difference in the trial balance will usually be the result of a combination of errors, but it will often happen that one error will give the key to several others of similar description, and they can be discovered one by one, until the last is easily found by one of the above methods

ERRORS EXCEPTED.—ERRORS AND OMISSIONS EXCEPTED.—These words, generally abbreviated into E.E., or E and O E., are very frequently written at the end of invoices and accounts by merchants and others, in order that they may be entitled to claim a legal right of correcting any errors or omissions which have not been discovered in the first instance when the invoices and accounts were made out

ESCHEAT.—By Section 45 of the Administration of Estates Act, 1925, the rule that on failure of heirs, real property will escheat to the Crown, the Duchy of Lancaster, the Duchy of Cornwall, or to a mesne lord is abolished. In lieu of the right to escheat the Crown, Duchy of Lancaster, or Duchy of Cornwall, as the case may be, is entitled to take the residue of personal and real estate as *bona vacantia* in default of persons eligible to take under the new rules of descent (See DISTRIBUTION, STATUTES OF)

ESCROW.—A deed is said to be an escrow when it is handed by one of the parties to it to some person other than the other party to the deed, on condition that it shall be retained until some condition has been fulfilled

ESPARTO.—A sort of grass growing wild in South Europe and North Africa. Wilful destruction of the plant in Algiers and Spain has rendered Government regulations necessary with regard to its cultivation. Esparto grass is an important commercial product, principally used in the manufacture of paper, and also for cordage, baskets, and mats. Esparto is imported in 4 to 6 cwt bales, and the flexible and felting qualities of the fibre renders it of great value as a paper material either alone or mixed with wood pulp. Algiers is the chief source of Great Britain's supplies

ESSENTIAL OILS.—(See OILS.)

ESTABLISHMENT CHARGES.—(See COSTING, ONCOST)

ESTATE.—This word is used in various senses, though its principal function is to denote the sum total of the goods of all kinds which a person possesses. In a restricted sense, it signifies the landed property of a person. Again, it is the term which includes the whole of the assets of a deceased person or of a bankrupt

Technically, the word "estate" does not signify anything tangible at all, but means the amount or quantity of interest which a person possesses in certain landed property (See LEGAL ESTATE, EQUITABLE ESTATE)

ESTATE AGENT.—This title is given to two quite distinct occupations. A person who conducts negotiations for the sale or purchase or letting of land, houses, shops, and the like, is called an estate agent, and is subject to the ordinary law of agency (*q.v.*) so far as it is applicable to the particular employment. The other class of estate agents is composed of persons employed by an owner of landed property to manage his property for him. In the case of large estates, the agent resides on the estate, gives his whole time to the service of his employer, is paid a yearly salary, and is really the adviser and representative of the employer. In other cases the agent may be in business for himself, and is employed, on either salary or commission, just as any other agent would be

ESTATE DUTY.—Before the passing of the Finance Act, 1894, there were six separate duties payable on the death of a person, viz., probate, account, legacy, succession, additional succession, and estate. The probate, account, and additional succession duties were abolished by the Act of 1894, and the new estate duty established. Legacy and succession duties are still payable, subject to some modifications, but the estate duty is the first charge on the estate of the deceased. Like the old probate duty, estate duty is levied upon the principal value of all property, real or personal, settled or not settled, which passes on the death of any person dying after August 2nd, 1894, and not (like legacy or succession duty) the mere interest to which the legatee or successor succeeds. It is, however, not limited like probate duty to assets which are within the jurisdiction of the Court of Probate

Property passing on the death includes the following—

(a) Property of which the deceased was at the time of his death competent to dispose, whether or not he, in fact, disposed of it by his will (A person is deemed competent to dispose of property if he

has such an estate or interest therein, or such general power over it as would, if he were *survivor*, enable him to dispose of the property, and includes a tenant-in-tail, whether he is in possession or not; and the expression "general power" includes every power or authority enabling the donee or other holder thereof to appoint or dispose of the property as he thinks fit, whether exercisable by instrument *inter vivos* or by will, or both, but exclusive of any power exercisable in a fiduciary capacity under a disposition not made by himself, or exercisable as tenant for life under the Settled Land Act, 1925, or as mortgagee.)

(b) Gifts of property, real or personal, such as donations *mortis causa*, *i.e.*, gifts made conditionally in contemplation of death and revocable on the donor's recovery, made within a year preceding the death.

(c) The deceased's severable share of property, of which he was joint owner with another.

(d) Insurance policies on the deceased's life effected by the deceased, and kept up for the benefit of a donee, whether assignee or nominee.

(e) Property in which the deceased or any other person had an interest ceasing on the death of the deceased, to the extent to which a benefit accrues or arises by the cesser of such interest, but exclusive of property the interest in which of the deceased or other person was only an interest as holder of an office, or as recipient of the benefits of a charity, or as a corporation sole.

In computing the value of the benefit accruing or arising from the cesser of an interest ceasing on the death of the deceased, the following rules are applied—

(1) If the interest extended to the whole income, the value is the principal value of the property passing, (2) if the interest extended to less than the whole income of the property, the value appears to be the principal value of an addition to the property equal to the income to which the interest of the deceased extended. The clause deals with the ceasing of an interest in property which does not pass on the deceased's death, and has no reference to property which does pass on the death. Such property is divided into two classes: (a) Property in which the deceased had an interest ceasing on his death, (b) property in which some person other than the deceased, had an interest ceasing on the death of the deceased. Under (a) fall life annuities and rent-charges charged on any property, the "life" being the life "of the deceased." The test is whether upon the falling in of the life in question a benefit must accrue to some person. No duty is, therefore, levied in respect of an annuity payable during the life of the deceased, and ceasing on his death if it is merely secured by a covenant and is not charged on the property. Under (b) fall cases in which an estate or interest in, or an annuity or rent-charge charged upon, property is given to a third person during the life of the deceased. (Leases for lives, of which the deceased was the last life, fall under this heading.)

In order to avoid difficulties which had arisen as to (e), the Finance Act, 1900, enacted that in the case of every person dying after March 31st, 1900, property, real or personal, in which the deceased or any other person had interest for the life of the deceased, is to be deemed to pass on the death of the deceased, notwithstanding that the interest has been surrendered, assured, divested, or otherwise disposed of, whether for value or not, to or for the benefit of any person entitled in remainder

or reversion in such property, unless the surrender or disposition was made or effected *bond fide*, and possession assumed *bond fide* twelve months before the death of the deceased. It will be seen, therefore, that the disposition of property with the idea of avoiding the death duties is attended with considerable risk. The donor's estate may not, after all, escape the duties, and if the donor survives the donee, either the donor may lose any benefit for which he has privately stipulated, or he may be called upon to pay succession or legacy duty upon his own property, which has reverted to him by the will, or otherwise, of the deceased donee. The court has expressed the opinion that there is nothing illegal or immoral in making disposition of property in order to escape death duties.

By the Finance Act of 1910 the period within which property might be disposed of and still be liable to estate duty was extended. The period first suggested was five years. This was eventually reduced to three years, and by that Act gifts of property made *inter vivos* up to three years before the death of the deceased are rendered liable to duty. Consequently the risk of failure in transferring property in the hope of escaping duty is increased. The provision, however, is not retrospective, and does not apply to gifts made or effected for public or charitable purposes.

Nor does the new period of three years apply also to gifts made by the deceased in consideration of marriage, or which are proved to the satisfaction of the Commissioners of Inland Revenue to have been part of the normal expenditure of the deceased, and to have been reasonable, having regard to the amount of his income, or to the circumstances, or which, in the case of any donee, do not exceed in the aggregate £100 in value or amount. There are other exceptions provided by the Act which do not require any notice here.

Immovable, that is, real, property which is not situated in the United Kingdom, is exempt from estate duty. And even movable, that is, personal, property which is not situated in the United Kingdom is also exempt from the duty, if the deceased owner was not a person domiciled in the United Kingdom at the date of his death. But estate duty is payable if the deceased owner was domiciled in the United Kingdom when he died, and it is also payable, generally, where the deceased was only interested for life, and at his death the property formed the subject of a British trust or was vested in a British trustee.

The following property, even though it is situated within the United Kingdom, is expressly exempted from estate duty—

(a) Settled property of every description in respect of which estate duty has been paid since the date of the settlement, unless the deceased was, at the time of his death, or had been previously, competent to dispose of it.

(b) Property held by the deceased as a trustee for another person under a trust not created by the deceased more than twelve months before his death, and the beneficiary had possession and enjoyment of the property immediately after the creation of the trust, and continued to hold it to the exclusion of the deceased.

(c) Property passing for a full money consideration.

(d) Property of common seamen, marines, and soldiers dying in the service of the Crown.

(e) Estates of which the value is less than £100.

(f) Survivorship annuities of less than £25.

(g) Reversionary interests upon which the estate duty has been commuted

(h) Pensions and annuities payable by the Indian Government to the widows or children of deceased officers of that Government

(i) Adowsons, or church patronages, not subject to succession duty

(j) Property settled by a husband on his wife, or *vice versa*, and reverting on the death to the original settlor.

(k) Works of art, scientific collections, prints, manuscripts, etc., or other things not yielding income, either given for national purposes, or which appear to the Treasury to be of national, scientific, or historical interest, and settled so as to be enjoyed in kind in succession by different persons: provided that the exemption from estate duty will continue only so long as the property is unsold or does not come into the possession of the person competent to dispose of it.

(l) Sums under £100 which can be paid without requiring representation to the deceased.

(m) Settled property to which the deceased had not succeeded at his death, if the subsequent limitations of the settlement still subsist

By various Acts the rate of estate duty has been considerably increased, and details will be found in the article on **EXECUTORSHIP ACCOUNTS**

The executor, when he applies for probate of the will of the testator, or the administrator of an intestate after he has obtained a grant of letters of administration, is required to furnish particulars of all the property of the deceased. The necessary forms and copies of the affidavit which has to be sworn can be obtained free of cost from Somerset House, or from any money order office outside the Metropolitan Postal District. Full particulars are given showing the method of ascertaining the value of the estate of the deceased, and the deductions which are allowed to be made from the gross amount. The chief of these deductions are reasonable funeral expenses, debts, and incumbrances on the estate. Other limited deductions are allowed where the property is situated out of the United Kingdom, and its administration and realisation necessitate increased expense, and if any death duty is payable in the foreign country where the property is situated, the amount of the duty is to be deducted from the principal value of the property. If any duty is payable in a British possession to which the Finance Act, 1894, has been applied by Order in Council, in respect of the death, the Commissioners must deduct a sum equal to such duty from the estate duty which would otherwise be payable. This provision has been applied to practically all the British possessions, the only important exceptions being Queensland, and the Orange Free State and Transvaal.

The estate duty is due and payable upon the delivery of the account by the executor or administrator, or at the expiration of six months from the death of the deceased, whichever happens first. Until payment is made, simple interest at the rate of 3 per cent. is charged upon the estate duty, and if the payment is delayed beyond six months, the rate of interest is raised to 4 per cent. At the option of the person delivering the account, the estate duty payable upon real property may be paid by eight equal yearly instalments, or sixteen half-yearly instalments, with interest at the rate of 3 per cent. per annum from the date at which the first instalment is due, and this instalment becomes due at the expiration of twelve months from the

death. The interest on the unpaid portion of the duty is added to such instalment and paid accordingly. If the real property is sold, the estate duty is payable on the completion of the sale. The payment of the estate duty is to be made primarily out of the residue of the estate of the deceased.

A new provision of the Finance Act, 1910, allows the person liable to pay estate duty (or succession duty) in respect of any real (including leasehold) property to arrange with the Commissioners of Inland Revenue to make the payment in whole or in part by a transfer of such part of the property as may be agreed upon between the Commissioners and that person. No stamp duty is payable on any conveyance or transfer of land to the Commissioners under the section.

In the valuation of the property liable to estate duty, the principal value is to be obtained by ascertaining the price which, in the opinion of the Commissioners of Inland Revenue, the property would realise in the open market at the date of the death of the deceased, but the Commissioners shall not make any reduction in the estimate on account of the estimate being made on the assumption that the whole property is to be placed on the market at one and the same time. There is a provision that where it is proved that the value of the property has been depreciated by reason of the death of the deceased, the Commissioners in fixing the price shall take such depreciation into account. If the property is agricultural, the estimated value is not to exceed twenty-five years' purchase of the property, as assessed under Schedule A of the Income Tax Acts, and after deducting 5 per cent. for the expenses of management. To this principal value is to be added all income accrued on the taxable property and outstanding, i.e., not received when the deceased died. Any disputes as to the valuation of the property may be referred to the High Court, or to a county court when the amount is less than £10,000. There is a right of appeal to the Court of Appeal.

Any person who for the purpose of obtaining any allowance, etc., in respect of any duties payable under the various Finance Acts knowingly makes any false representation is liable, on summary conviction, to imprisonment for a term not exceeding six months with hard labour (See **LEGACY DUTY**, **SUCCESSION DUTY**.)

ESTATE DUTY POLICY.—This is generally a whole life non-profit policy for an amount estimated to cover death duties. There is a special provision that in the event of death the assurance company will, at the request of the executors, pay over immediately on proof of death all or part of the policy moneys to the Inland Revenue Commissioners in settlement of death duties and the balance (if any) to the executors after probate has been granted. As death duties must be paid before a deceased's estate can be legally administered or probate granted, considerable difficulty, and often loss, may be avoided by the policy moneys being made available for paying duties before probate is obtained.

ESTATE TAIL.—This is an equitable interest in land or in personal property, limited to the descendants of the first holder, according to the will or deed creating the same. Whilst an estate tail is no longer a legal estate, the Law of Property Act, 1925, has preserved the equitable rights and extended them to personality such as stocks, funds, and other chattels. The line of descendants may be made to consist of males and females.

ESTHONIA.—The Baltic Republic of Esthonia, established in 1918, is bounded on the north by the Gulf of Finland, on the south by Latvia, on the west by the Baltic Sea, and on the east by Lake Peipus and Soviet Russia. Included in Esthonia are the Baltic islands of Dago, Oesel (Saaremaa), Runo, and Muku. Esthonia has an area of 17,953 square miles, and a population of approximately 1,200,000. Alon to the Finns, the Ests or Esths are an industrious, patient, vigorous, sober, and hardy race, with a deep attachment to their land.

Relief. Structurally, Esthonia forms part of the Great European Plain. Lowlands and low morainic heights, and glaciated hollows filled with lakes, make up its surface.

Climate and Vegetation. The climate is of the continental type, characterised by cool, short, bright summers, long, severe winters, and most rain in summer. The region is naturally a forest area, mainly coniferous, but pasture and arable lands now find a place in the forest clearings.

Production and Industries. Esthonia's chief hope is in agriculture and dairy farming. Hardy, fast-growing and fast-ripening crops are essential under the climatic and edaphic conditions prevailing. Rye, oats, barley, flax, hemp, potatoes, and beet-root are cultivated, and dairy-farming, bee-keeping, rabbit-rearing, and poultry production, engage many of the smallholders. The exploitation of the forest wealth is not on a scientific basis, both capital and skilled labour being largely absent. Minerals, with the exception of oil shale deposits in the north (now in the experimental stage), are lacking. Such manufactures as exist are mostly concerned with local raw materials. Timber is made into cellulose, paper-pulp, and paper; linen and linseed oil are obtained from the flax plant, alcohol is manufactured from potatoes; and beer and flour are made from barley. Cotton is woven in fairly large quantities, especially at Narva, where water-power is skillfully used. The sea fisheries of the Baltic and the fresh-water fisheries of Lake Peipus are important.

Communications and Trade. Few good roads exist, and railway facilities are inadequate. There are 684 miles of broad-gauge and 480 of narrow-gauge railway, which were designed to serve alien interests before the advent of independence. The water routes of lake and river are utilised in summer, but are ice-bound in winter. Esthonia needs foreign capital, foreign organising power, and close co-operation with its neighbours, for full development. Its position for transit trade is excellent, and such trade should become important. The chief exports are flax, timber, wood-pulp, cellulose, cement, turpentine, resin, hemp, and eggs, and the principal imports are salt, coal, sugar, iron and steel goods, agricultural machinery, and textiles.

Trade Centres. *Reval* (Tallinn) (125,000), at the mouth of the Gulf of Finland, the capital and chief port, is connected by rail with Lennuhrad. Its harbour is blocked by ice for three weeks in winter. Robbed, at present, of its transit trade, its population is too great for its small hinterland.

Dorpat (Pärnu) (50,000), is noted for its university, and its excellent furniture works.

Narva (50,000), is the chief manufacturing centre. *Pernau* (Pärnu) (25,000), is a small port on the Gulf of Riga.

(For map see RUSSIAN UNION)

ESTIMATE.—A document which shows what is the amount demanded by a contractor or other

person for carrying out certain work or supplying certain goods.

ESTIMATED OR APPROXIMATE PROFIT AND LOSS ACCOUNT.—For departmental stores and multiple shops, more particularly retail shops where goods are charged out to the branches at selling prices, it is often desirable to prepare weekly statistical stock accounts and profit and loss accounts so as to provide a detailed weekly comparison of the results obtained. These records, however, are quite distinct and separate from the ordinary book-keeping accounts, and are really in the nature of periodical estimates.

The basis of the method is to reduce commencing stock to its cost price, add the purchases for week, deduct the estimated profit from the selling price of goods sold so as to arrive at cost, and then deduct this figure from the total of commencing stock and purchases, the final result being the estimated closing stock on hand.

The value of actual stock on hand should be periodically ascertained and checked with this estimated stock, any small differences being written off, where these differences arise it may be due to a slight variation in the rate of profit or possibly through wastage, breakages, or leakages. In this connection it should be borne in mind that when goods are supplied in bulk and retailed in small quantities, the exact total cannot always be accounted for with exactness. For example, it is practically impossible to obtain exactly 112 separate pounds of potatoes from a 1 cwt sack of potatoes.

Example—

WEEKLY STOCK ACCOUNTS

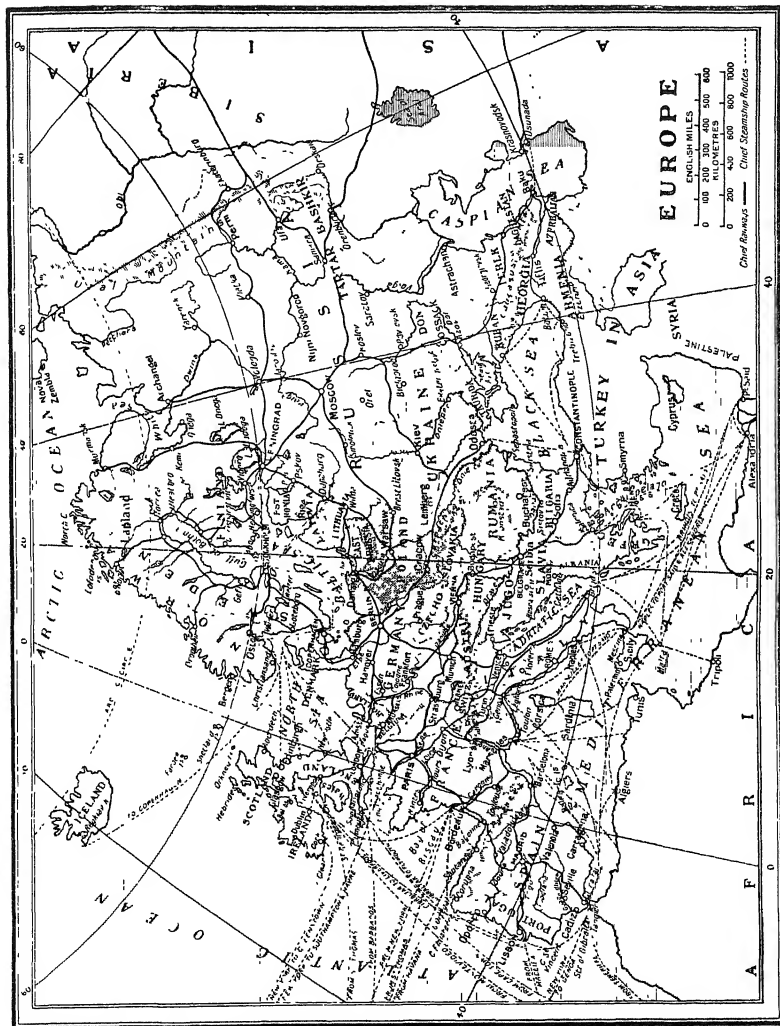
	Week Ended July 7, 19	Week Ended July 14, 19	£ to
Commencing Stock, at Cost	£ 2,800	£ 2,500	
Purchases for Week	800	980	
	3,400	3,480	
Sales for Week	1,200	1,300	
Less Estimated Profit, 25%	300	325	
	900	975	
Estimated Stock at end of Week	£2,500	£2,475	

This system, therefore, can be applied most effectively only when the standard rate of profit does not vary or varies within narrow limits and the risk of loss from wastage, leakage, or damage is comparatively small.

The next step is to analyse the weekly expenses and to compile weekly a trial balance of the nominal ledger. For certain classes of expenses, e.g., rent, rates, and taxes, which are payable at longer intervals than one week, the weekly amounts must be calculated and included in the statement. Thus—

TRIAL BALANCE

	Week Ended July 7, 19		Total to date, July 14, 19	
	Dr	Cr	Dr	Cr
Rent, Rates, and Taxes	£ 40		£ 80	
Wages	120		240	
Salaries	80		160	
Expenses	60		120	
Adjustment Account		270		550
	£270	£270	£550	£550



Finally, the approximate or estimated profit and loss account may be prepared, and it is desirable that the percentages for the component items should be shown

PROFIT AND LOSS ACCOUNT (APPROXIMATE)

	Per-centage	Week Ended July 7, 19	Per-centage	Week Ended July 14, 19
		£	£	£
Sales for Week		1,200		2,500
Estimated Gross Profit	25	300	25	625
Rent, Rates, and Taxes	3 33	40	3 20	80
Wages	10	120	9 60	240
Salaries	4 16	50	4	100
Expenses	5	60	5 20	130
		270		550
Net Profit	2 50	£30	3	£75

At the end of each trading period, these approximate statements should be compared with the final trading and profit and loss accounts as compiled from the financial books, the object being to ascertain and trace the cause of any discrepancies with a view to preventing their recurrence

ESTOPPEL.—This is a legal term, which signifies that a person is stopped or prevented from setting up a claim or a defence in an action, as the case may be, on account of some previous act or representation, or of some legal presumption which is inconsistent with it. Thus, a drawer, an acceptor, and an indorser of a bill of exchange are each estopped from denying certain facts connected with the bill (These are noticed in the separate articles dealing with each of these parties). Again, where bonds (not strictly negotiable) are placed in the hands and under the full control of an agent for disposal by the owner of them, the principal is precluded, or estopped, from saying that a person who takes the bonds, in good faith and for value, from the agent, has not got a good legal title to the bonds. In such a case the title to the bonds is founded on estoppel.

ESTREAT.—An estreat is a copy or a true extract of some original document or record.

ETHER.—A colourless, transparent, mobile liquid, lighter than water and very volatile. It has a peculiar odour and a somewhat fiery taste. It is prepared by heating alcohol with sulphuric acid. Ether is highly inflammable, and when its vapour is mixed with air an explosive mixture is formed. Its uses are numerous. It is employed in freezing machines, and is a valuable solvent of fats, alkaloids, resins, etc. Mixed with oxygen, it is used in the production of lime-light, and in chemical analysis it is much used for the separation of oils from other organic matters. In medicine it is an important anaesthetic, being sometimes applied locally, e.g., by dentists, sometimes inhaled in the place of chloroform, and sometimes administered as a hypodermic injection to stimulate the heart. Its chemical symbol is $(C_2H_5)_2O$. There are several trade varieties made either from pure rectified spirit or from methylated spirit. These commercial qualities are graded according to the amount of water present, indicated by their specific gravity. Methylated ether, S.G. 0.735 is used for freezing machines, a slightly higher quality, S.G. 0.730, for

use as a technical solvent, and ether of S.G. 0.717, is suitable as a local anaesthetic. The pure ethers range from S.G. 0.735 to 0.720.

ETHIOPIA.—(See *ABYSSINIA*.)

EUCALYPTUS.—Also known as the gum tree. An evergreen Australian tree of the myrtle family, of which there are numerous varieties, one of the most important being the *Eucalyptus globulus*, which yields a volatile, aromatic, antiseptic oil. The manufacture of this oil is now an important industry in Australia. It is used not only medicinally, but also in the preparation of various soaps and perfumes. The eucalyptus tree has been introduced into Africa and Central America, and is sometimes cultivated in British greenhouses. Its aromatic odour is its chief characteristic. This is particularly noticeable in the resinous exudation obtained from it, and used medicinally as an antiseptic. The wood is durable and hardens with time, and the bark yields tannin.

EUPHORBUM.—Sometimes called a gum-resin, but actually a juice obtained from various species of the spurge family in North Africa, the East Indies, the Canary Islands, and Arabia. Minute quantities of a tincture prepared from an Australian variety are occasionally administered in cases of asthma, bronchitis, etc.; but its use is chiefly confined to veterinary medicine. Plasters to be applied in affections of the joints are sometimes made of a mixture of Burgundy pitch and euphorbium.

EUROPE.—Europe, the continent of peninsulas, and the peninsular continent, young geologically, yet the most important politically and commercially, is, next to Australia, the smallest of the continents. It is bounded by seas except on the east, where no well-marked natural frontier can be drawn. The boundary usually taken between Asia and Europe follows the water-parting of the Ural mountains, the Ural river, the water-parting of the Caucasus, the Black Sea, and the Sea of Marmora. The line is continued through the Aegean Sea, south of Crete, and Malta, and through the Strait of Gibraltar. Within these limits the area of the mainland is about 3,560,000 square miles and the total area, including its various islands, is over 3,850,000 square miles (about one-third of that of Africa). Its population, numbering 475,000,000, is mainly of Nordic, Alpine, and Mediterranean types.

The northern point of the mainland, Nordkyn, lies in $71^\circ N$ lat., the southern point, Cape Tania, in $36^\circ N$ lat., while the western point is Cape Roca, $9\frac{1}{2}^\circ W$ long., and the eastern limit is approximately $65^\circ E$ long. The greatest length of the continent, from Cape St Vincent to the Ural Mountains, is 3,370 miles, the greatest breadth, from Cape Nordkyn to Cape Matapan, is 2,400 miles.

Europe may be considered a peninsula of Eurasia, although physical conditions have kept the history of Europe and Asia in a large measure distinct. From a narrowing between the Black Sea and the Baltic, Central and Western Europe form a peninsula from which smaller peninsulas project, Jutland to the north, Iberia, Italia, and Balkana to the south, while Scandinavia is true to the Western European type. Peninsular aspect, extensive coasts, numerous gateways of commerce, and closeness to the sea, have led to Europe's supremacy in shipping, and its latest dream of a ship-canal system across Central Europe. The mass or continental core of Europe proper narrows from east to west. It is nearly 1,500 miles from the Caspian to the Arctic Ocean along the meridian, over 600 miles from the

Adriatic to the North Sea, and 230 miles from the Mediterranean to the Bay of Biscay. The White, Baltic, and North Seas are the chief northern seas, and the western Mediterranean between Iberia and Africa, the eastern Mediterranean with the gulf of the Adriatic, the Aegean and the Black Seas, are the southern seas. Of these seas the northern cover the shallow continental platform, but the southern are basins of great depth.

The coast-line of Europe is a long one, longer in proportion to area than that of any other continent. Neglecting minor indentations it is about 20,000 miles, or three and a half times the minimum possible periphery, and it is of great importance that this greater length of coast-line is very largely due, not to small bays, gulfs, and creeks, but to great inland seas, which bring Europe into easy communication with the ocean. Lying in the centre of the land hemisphere, Europe is in an advantageous position for reaching all the other continents by sea, the only barriers to direct sea routes with certain parts of the world being the Arctic ice barriers as yet unconquered, and the isthmian barriers of Suez and Panama successfully overcome by canal construction.

Three European races are distinguished: the Nordic, the Central or Alpine, and the Mediterranean. The Nordic people, tall, long-headed, fair-skinned, and blue-eyed, evolved around the shores of the North Sea. Originally fishermen and mariners, they learned in their struggle with the bleak climate of their northern home the virtues of indomitable courage, bold adventure, and justice between man and man. They occupy Scandinavia, Denmark, the plains south of the Baltic Sea as far east as the country round the Gulf of Riga, and most of the lowlands around the North Sea and the English Channel. Modern history may be said to be due to the initiative and prowess of these people, who dominate the world, and are striving to gain the key to the mysteries of life itself. The Mediterranean people, short, long-headed, olive-complexioned, with very dark hair and eyes, arrived in Europe mainly by sea, from Asia Minor, from the Levant, from Tunis or from Morocco. Living under easier conditions than the Nordics, they evolved the first European civilisation. Intolerant of severe cold, mercurial in temperament, sociable, prone to quarrel and take revenge, guided by feelings rather than reason, with musical and poetical gifts, they lack the courage, energy and organising powers of the Nordics, and the plodding industry of the Alpines. They occupy Iberia, Italy, and the adjoining islands. The Alpine people, fair-skinned, broad-skulled, stocky, brown-haired, hazel-eyed, pressed westwards from Asiatic pastures, and made good their hold on the uplands of Central Europe. They were the first workers in bronze, and to them is due much of the superiority of European workmanship. Doggedness, attention to details, and submission to leadership are dominant characteristics of the Alpines. They occupy the uplands and highlands in France, Switzerland, Italy, Germany, and Austria, and in parts have extended into the country on either side. In Eastern Europe there are three main groups of Alpines—Western, Eastern, and Southern Slavs—and the Asiatic Ugro-Finns (Lapps, Bulgarians, Finns, Magyars, and Esks), and the Turkic peoples (Turks, Tatars, and Kirghiz). Western Europeans belong either to the Roman Catholic or to the Protestant form of Christianity, while Eastern Europeans are largely members of the

Greek Church, though the Turkic people are Mohammedans.

Relief. Europe has, probably, the lowest average elevation of all the continents, its mean height being only 1,080 ft. More than half the surface lies below 600 ft., so that the proportion of lowland is greater than in any other continent. The origins of most of the Europe of to-day lie well within the Tertiary Era, but the greatest variety in relief is found. The north-western lands, including Finland, Scandinavia, the northern half of Scotland, and the north-west of Ireland, consist of old earth-blocks, relics of ancient Arctics, the worn-down stumps of ancient mountains, scarred and hollowed by the glaciers of the Ice Age, and diversified by lake and fell, moorland and forest, stream and waterfall. Rarely containing much mineral wealth, with soils unfavourable to agriculture, these lands force their inhabitants to turn to the sea for highway and opportunity, and compel the export of men. Giant forces raised an east-west system of mountains along lat. 50° N., known as the old Armorican and Variscan mountains, existing to-day as the heights of South Ireland, South Wales, Cornwall, Devon, Brittany, the Ardennes, Eifel, Vosges, Tannus, Hunsrück, Harz, Black Forest, Ore Mountains, Giant Mountains, and Sudetes. Other ancient "coigns" are the Meseta or main plateau of Spain, the Central Massif of France, the plateau of Bohemia, the Russian platform, and the Aegean plateau. Between the relics of Arctics and the later old mountains lies the Great European Plain, a region of sedimentary rocks under 700 ft. high, stretching from the Pyrenees and the western mountains of the British Isles to the Russian Urals. It has experienced the tropical jungle climate of the Carboniferous period (hence its coal), the torrid dryness of Triassic times, and the arctic conditions of the Ice Age. Lying open to the Atlantic winds and allowing easy communication (the country from Cologne to the Urals can be crossed without going through a single tunnel), this lowland encourages intercourse and agriculture, and has become the home of some of the world's most energetic workers. Other plains are the fertile basins of Hungary, Lombardy, and Wallachia. Sweeping complex high-fold mountains of the Alpine system, part of the great east-west system, which extends across the south of Eurasia from the Pyrenees and Sierra Nevada to the Himalayas, are characteristic of South Europe. They include the Sierra Nevada, the Pyrenees, the Alps, the Apennines, the Tatras, the Carpathians, the Balkans, and the Caucasus. Within the folds of the sinuosities are the youngest lands of Europe, the Alföld of Hungary, and the Lombardy plain, hollows filled with the off-scourings of the Alps. The southern mountains and plateaus have formed barriers between the inhabitants of the north and south, and have aided in the formation of two distinct types of civilisation—the progressive, energetic, oceanic type of the north-west, and the earlier, less energetic, inland-sea type of the Mediterranean lands.

The shape of the Alps was controlled by the earlier mountains and blocks, but the drainage system of Europe is largely due to the harsh glacial conditions of the Ice Age. The Don, Garonne, Volga, and Guadalquivir owe their direction largely to the orographical development of Europe; the Elbe, Oder, and Vistula occupy the beds of older, larger, glacial rivers; the Seine, Loire, Elbe, and Rhine cut across the Armorican Mountains, and the



Danube crosses the Alpine system between Linz and Bratislava and at the Iron Gates. The longest European rivers are those which cross the plains of south-eastern Russia, Hungary, and Jugo-Slavia—the Volga, 2,200, and the Danube, 1,750 miles long. The latter is an international highway, and the former, though ice-bound during the severe Russian winter, is of much commercial importance to Russia. The Alpine rivers—Rhône (500 miles), Rhine (760 miles), and Po—form waterways of great value, sometimes enhanced artificially by the deepening of their beds and their inter-connection by canals.

Most of the lakes lie in hollows in the plateaux, or in valleys in the mountains, carved and dammed by glaciers and their débris. They include the plateau lakes of Finland, Russia, and South Sweden (Ladoga, Onega, Peipus, Wener, and Wetter), the small lakes in the north of the German plain, the Scottish lochs, the tarns of the High Tatra, and the beautiful Alpine lakes (Maggiore, Lugano, Como, Garda, Geneva, Zurich, Constance, Lucerne, and Neuchâtel).

Climate. Maritime Western Europe possesses a climate of small changes, and infinite variety, the best suited to human initiative and energy. It enjoys the Winter Gulf of Warmth (January temperatures are 40° F. above the normal for the latitude) owing to its marginal seas, the warm drifted surface waters of the ocean, and a continuous succession of cyclones. Europe occupies an essentially transitional position, west of the world's vastest land mass, and east of the great Atlantic Ocean. Peninsularity, direction of mountains, marginal seas, and the chief winds make it that no equal area in similar latitudes elsewhere has such an equable climate, nor is so markedly transitional. From south to north the temperature diminishes, in winter also from west to east, but in summer from east to west. The winds are governed by three centres of atmospheric action: a permanent low pressure to the north-west in the North Atlantic, a permanent high pressure, west of the Azores; and the Asiatic high-pressure centre of winter and low-pressure centre of summer. The Icelandic Low and the Azores High direct south-west winds on the west coasts, but the Continental High of winter permits these only to skirt the coasts, while the Continental Low of summer sucks them inland. The west is stormy and rainy in winter, the east is dry in winter, but has summer rains. The Mediterranean is not much smaller in area than the land immediately north of it, and affects the climate, forming a relatively low-pressure area in winter and a relatively high-pressure area in summer, so that the winter storms, which the Continental High keeps out of the heart of Europe, find their way into the Mediterranean, and the rainy winds, which reach Central and Eastern Europe in summer, cannot penetrate the Mediterranean.

Four climatic regions may be distinguished.

(1) The North or Arctic Region comprises a small northern coastal strip from the North Cape to the Kara Sea, where the mean monthly temperature is never 50° F. (2) The West or Atlantic Region comprises roughly the area north and west of a line from the mouth of the Minho through the Cevennes and the crest of the Western Alps, from the south-west of Bohemia to the mouth of the Oder and the south and west coasts of Scandinavia. It is specially marked by even temperature, the mean temperature seldom falling below 32° F. for more than one

month in the year and seldom rising above 64° F. for more than one month. Rain falls at all seasons of the year, but especially in the winter months, and cyclonic storms and frequent small variations favour man's highest development. (3) The Eastern or Continental Region is specially marked by extremes of temperature, at least three consecutive months averaging below 32° F., and at least three averaging above 64° F. The annual range of temperature is over 40° F., and the rainfall (mostly in the summer months) is scanty, very little having 30 ins. and much of it not having even 20 ins. (4) The Southern or Mediterranean Region is specially marked by the absence of continuous frosts, except on the high mountains, 50° F. being a typical winter temperature alike in Valencia, Corsica, Calabria, and Crete, and by the absence of summer rains except along the northern heights, which exclude the bitter north winds in winter. The range of temperature is, with few exceptions, under 30° F. The rainfall is heavy in the highlands, but light on the lowlands, and occurs in the winter half-year.

Vegetation. The tundra lies north of the Arctic Circle, east of the White Sea, and is found in the Kola peninsula. Tundra-like conditions prevail also on the high mountain regions of Scandinavia. Here in spring and summer the swampy plants produce ferns, mosses, lichens, dwarf birches, willows and junipers, stunted berry-bearing bushes, and a number of Arctic herbaceous flowering plants, which bedeck the ground with blossoms of astonishingly brilliant colours. In the north of the Baltic region, and in the north-east of the eastern lowlands, north of a line from the Gulf of Finland to the south of the Urals, the land is covered with almost continuous forests of conifers, interspersed in the north-east with birch and willow. Southwards the lowlands have been almost entirely cleared, except in the region below the Dnieper, the Western Dvina, and the Vistula, where dense forests still exist. The trees are of coniferous and deciduous types, among them being the pine, fir, larch, beech, oak, ash, elm, poplar, and alder. The vegetation of western Europe differs from that of central Europe in its park-like appearance of wood- and valley-meadows, its tender green foliage approaching evergreenness, its longer leafy stage, and, on its Atlantic fringe, in the luxuriant growth of native and imported evergreens, such as the holly, yew, cherry laurel, and Portugal laurel. In the South-Eastern Lowlands—South Russia, Rumania, and Hungary—where the continental climate prevails, are the dry, monotonous grasslands, known as the Steppes, part of which is under cultivation, but most is treeless grassland, a land of wells, cattle, and nomads. Among the different aspects of the steppes are the wavy, feather-grass, and close tall tufts of golden-beard grass of the Hungarian pusztas; the silver-white, feather-grass carpets of the Black Sea region; and the sheep- and thyras-grasses of the Russian steppes. South-east of the steppes is a salt waste. The Mediterranean Vegetation Region coincides with the climatic one. It is characterised by evergreen or evergreen plants with thick epidermis or cuticle, long or bulbous roots, and special devices for storing water. Among the various types of plant landscapes are scattered and open woodlands of cork-oak, oleander, myrtle, olive, carob, orange, terebinth, fig, and rosemary; coniferous forests of pines, firs, cedars, junipers, and cypresses; light forests of deciduous oaks; extensive wastes covered by dwarf palm bushes, scattered thickets of stunted, bushy,

prickly evergreens, and dense scrub, 6 to 10 ft high, of mixed deciduous and evergreen bushes, known as *magus*, wherever the forest has been destroyed and the soil neglected. Narrow-leaved heaths and sweet-smelling herbs are numerous, fruits, such as grapes, lemons, oranges, plums, apricots, pomegranates, figs, pears, peaches, filberts, and butternuts, reach perfection, but pasture is generally sparse, except at great elevations. No other vegetation has so profoundly influenced the history of mankind.

Fauna. Except in the dense northern forests and on the higher mountains, few but domesticated mammals are now found in Europe. In the tundras, the migratory, herbivorous reindeer, and the carnivorous polar bear, and arctic fox wander over the ice-covered areas, and seals, walrus, and gulls feed on the fish of the polar seas. Among the larger or more remarkable mammals still found wild are the wolf in Poland, Russia, Hungary, the Jura, the Ardennes, and the Pyrenees, the brown bear in Norway, Sweden, and Russia, the lynx in Norway and Sweden, the beaver in Eastern Europe, the European bison in the Lithuanian forests, the elk in the Baltic regions, the chamois in the Alpine system, the Grecian ibex in Crete, the European mouflon in Corsica and Sardinia, the alpine marmot in the higher Alps, and the Russian marmot in the Russian steppes. The coniferous forest belt is still the home of the fur-bearing marten, fox, ermine, sable, musk-rat, mink, otter, beaver, skunk, and squirrel. On many moors the stag is preserved, and grouse, pheasant, partridge, and ptarmigan provide sport. The steppes have many rodents, and are the habitat of the domesticated horse, ox, sheep, buffalo, and camel. Fish—cod, haddock, whiting, mackerel, herring, sole, and plaice—abound on the Atlantic shelf, the tunny, anchovy, and sardine are numerous in the Mediterranean, and fresh-water salmon and trout are important. Among the aquatic mammals are the seal, porpoise, whale, and walrus. The chief domesticated mammals are the horse, mule, donkey, cow, sheep, goat, pig, dog, and cat.

Economic Conditions. Europe, and especially Western Europe, is the most highly developed continent in mining, agriculture, fishing, manufactures, commerce, and social conditions. The western European lands are favoured with a climate best suited to human energy, great mineral resources, excellent transportation systems, ideal position for trade, and people, largely of Nordic stock, initiators in industry and democratic government. Britain leads in manufactures, commerce, and colonisation, France in romantic thought and artistic taste, and Germany in technical research. Agriculture is highly scientific, both in dairying and crop-growing, and manufactures and commerce have reached the greatest development yet known. Their natural resources, however, are gradually being used up, notably in Britain, and much raw material has to be imported. The future seems to lie in the human element becoming perfectly trained, technically and intellectually.

The tundra dwellers obtain a precarious living by hunting and fishing. With the aid of dog and reindeer they wander northwards in summer to the meagre pastures, and southwards in winter to the forests. In the great pine forests hunting is the chief occupation, except where the waterways allow the transport of timber, resin, and tar. The water-power of the Scandinavian mountains is utilised for

preparing the timber, and for match-making, wood-pulp production, and paper-making.

The bulk of the people of Europe are engaged in agriculture. Land hunger is universal, and intensive scientific farming, the result of changeable weather and dense population, is the rule in Western Europe, where smallholdings are very successful, and dairying has reached its highest perfection. Europe produces about half the world's wheat, oats, and barley, and nearly all the rye, and has a third of the world's horses and sheep, nearly half the pigs, and about a quarter of the cattle. Barley is the most important crop in the extreme north, in the clearings of the forest region, and in the southern Alpine lands. Oats form the most important crop on the hilly lands between 50° and 65° N lat., and are replaced by rye on the lowlands of the mainland between 50° and 60° N lat. Most wheat is grown between 40° and 50° N lat. The maize zone lies between 40° and 50° N lat. Some rice is cultivated in the Lombardy plain, round the bay of Naples, in southern Sicily, and on the deltas of the Mediterranean rivers. Pulses and potatoes are widely grown, the latter especially in the poorer lands of Ireland, Scandinavia, and the German plain. The sugar-beet, important between 40° and 58° N lat., and in the Danube lands, yields about half the world's sugar. Flax is raised in the Baltic lands, Central Europe, the Rhine delta, Belgium, and north-eastern Ireland. Hemp is cultivated in France, Italy, Austria, and Southern Russia. Tobacco is important in many localities south of 55° N lat. The Mediterranean area produces great quantities of southern fruits, and formerly held a monopoly, but has now to face the competition of other "Mediterranean" areas. The vine is widely grown in France, Portugal, Spain, Italy, the Rhine plain, and Hungary, and Europe leads the world in wine production. Horses are found all over Europe, but in the Mediterranean region mules and donkeys are common. Sheep predominate in the drier and cattle in the wetter areas. Goats are numerous in the south.

To the fishing industry Europe owes much of its freedom and world outlook. Most important are the marine fisheries (the first in the world), located in the North Sea and off the Norwegian coast, where fish accumulate in vast quantities owing to the abundant food and favourable environment. Of less value are the Mediterranean and river fisheries.

The mineral wealth is very great, the continent producing half the world's coal, iron ore, pig-iron, and steel. Far the most important mineral arrangement in Europe is the line of coalfields lying mainly on the northern border of the Armorican and Variscan Highlands. Included in this line are the coalfields of Great Britain, Asturias in Northern Spain, St Etienne and Creusot in France, the Sarre; Flanders in both France and Belgium, Westphalia, Saxony, and Lower Silesia in Germany, Czecho-Slovakia, Poland, and Bulgaria. Other large coal areas are found in the south of Moscow, north of the Sea of Azov, along the Donetz valley, in the west of the Urals, in eastern Spain, to the north of Valencia, and in Spitsbergen. Smaller coal areas lie in Sweden, Italy, Austria, and Switzerland. Lignite is found and utilized in Hanover, Bohemia, Austria, Hungary, Rumania, and Jugoslavia. Petroleum is worked in Azerbaijan, Rumania, and Poland, in regions fringing the Alpine system. Iron ore exists in the Secondary rocks from N.E. Yorkshire into Northamptonshire, in

Furness, Luxemburg, Lorraine, the Sierra Morena and Cantabrian mountains, round the Central Massif of France, in the east and north of Scandinavia, in Finland, Spitzbergen, Saxony, Bohemia, Silesia, Poland, Southern Austria, Southern Russia, Belgium, Westphalia, and Elba. Copper is obtained in southern Spain, the Hartz Mountains, Sweden, Italy, and Russia, and near Lyons. Zinc occurs in Upper Silesia, Poland, Sweden, Belgium, France, Spain, Britain, and Germany. Lead is mined in south Spain, the Hartz Mountains, Saxony, Upper Silesia, Austria, and Poland. Bauxite is produced in southern France and Northern Ireland. Gold and silver, in small quantities, are found in the Urals, the Hartz Mountains, the Erzgebirge, and Hungary. Mercury comes from the Sierra Morena, and the Urals contain the world's largest supply of platinum. Tungsten is mined in Portugal, manganese in Styria and Sweden, and sulphur in the volcanic districts of Naples and Messina. Salt is found in England, France, Poland, Austria, Czechoslovakia, Spain, Switzerland, Bulgaria, and Germany, and large deposits of potash salts at Stassfurt help to make Germany supreme in the chemical trade.

Manufactures have reached their greatest development in Britain, Germany, France, Belgium, Italy, Czechoslovakia, Austria, and Poland. Britain has a high reputation for fair dealing, and for goods of superior quality and durability. France specialises in textile and metallic work that calls for individual taste and thought as regards form, arrangement, and colour; Germany is the leader in the application of science to mass production, and is pre-eminent in the chemical and dyestuffs industries. Water-power is used as a substitute for coal in Norway, Sweden, Switzerland, Bohemia, Northern Italy, Austria, South-Eastern France, and Southern Germany. Russian manufactures have recently declined, but, apart from human factors, other conditions for manufacture are good.

For more than two centuries Europe has exported its human freight to people the vacant spaces of the New World; its capital, banking system, organisation, and commerce, and the whole world, and much of Africa, a fairly high percentage of Asia, a large part of North America, and the whole of Australasia, are, to a greater or less extent, under the control of European countries.

Political Divisions. All countries of Europe have some form of democratic government.

Kingdoms. United Kingdom, Norway, Sweden, Denmark, Holland, Belgium, Spain, Rumania, Italy, Bulgaria, Yugo-Slavia, Irish Free State (a Dominion), Liechtenstein (Principality), Luxemburg (Grand Duchy).

Republics. France, Portugal, Germany, Switzerland, Austria, Hungary, Albania, Turkey, Estonia, Lithuania, Latvia, Finland, Ukraine, Soviet Russia, Albania, Czechoslovakia, Poland, Greece, San Marino.

EVEN.—This is a term used on the Stock Exchange to signify that when securities are carried over, there is neither contango nor backwardation to pay.

EVEN DATE.—A term sometimes used in business correspondence to signify the particular date on which a letter is written, e.g., "In reply to your letter of even date," which would mean that the letter received bears the same date as that which answers it. There seems to be very little justification for this practice as the use of the actual date

would be perhaps more definite and certainly less confusing than the use of "even date."

EVERLASTING FLOWERS.—Also known by the French name, "Immortelles." The general name given to certain flowers of the order *Compositae*, which retain their colour and form for a long period after being gathered and dried. *Helichrysum bracteatum* is the best known species. It grows in France, Italy, and Germany, where the preservation of the flowers forms an important industry. One of the main uses of the flowers is for memorial wreaths, for which purposes they are bleached white. A species now grown in Cape Colony produces a naturally white flower. Great Britain and the United States are the principal purchasers of immortelles.

EX ALL.—Shares are said to be sold "ex all" when the dividend just due, any bonus, return of capital and right to claim new stock or shares are retained by the seller.

EXCESS.—A term used in insurance, principally in connection with policies under which several claims are likely to arise in the course of a year of insurance.

It means that the insurer pays only the excess of a certain sum, usually £2 10s or £5, in respect of any one claim. In such a case the policy is said to be subject to an excess of £2 10s, or whatever the sum may be. (See also **FRANCHISE**).

EXCESS BAD DEBT INSURANCE.—(See **CREDIT INSURANCE**).

EXCESSES (MARINE INSURANCE).—A word in marine insurance used to embrace generally "excess liabilities of the shipowner in respect of general average contributions, running down clause payments, and salvage charges" by reason of the insured value of the vessel being less than the value on which it is required to contribute to these items.

Underwriters' liability to reimburse assured in respect of shipowner's contributions in general average is bounded by the insured value of the vessel, less any claim for loss or damage paid by underwriters. The contributory value of ship being the arrived value of the vessel, may exceed this amount. Similarly, the basis on which the ship contributes to salvage (its actual value at the completion of operations) may exceed the basis on which the policy agrees to contribute to salvage charges. Again, a vessel may be insured on a valuation of less than £8 per ton, whereas shipowner's payments in respect of collision liabilities for damage done may be limited, but only on a valuation of £8 per ton.

These excess liabilities can be insured with underwriters in the terms of the following clause—

INSTITUTE OF LONDON UNDERWRITERS EXCESS CLAUSE (HULLS)

This Insurance is only against the risk of claims for General Average, Salvage Charges, Charges under the Sue and Labour Clause, and/or Claims under the Institute collision clause not being recovered in full under the policies on hull and machinery by reason of the difference between the insured value as expressed in those policies and the sound value of the vessel, in which event this policy will pay such proportion of the excess as the sum hereby insured bears to the difference between the vessel's sound and insured values, or to the total sum insured against excess liabilities if it exceed such difference.

Warranted free of capture, seizure, arrest, restraint or detention, and the consequences

thereof, or of any attempt thereat (*piracy excepted*), and also from all consequences of hostilities or warlike operations, whether before or after declaration of war

To return { per cent for each uncommenced month if it be mutually agreed to cancel this policy }

EXCESS PROFITS.—The rapid rise of prices and profits and the urgent necessity for providing funds for the conduct of war led to the imposition of the Excess Profits Duty. The tax was first instituted by the Finance (No 2) Act, 1915. It was varied in 1919 and finally abolished.

EXCHANGE.—The giving or the taking of one thing or commodity for another. In commercial language, it is used to denote the method of dealing with debts owing by one country to another, and is thus largely concerned with bills of exchange, etc.

An exchange is also a building or place of resort for merchants and others, the name being adopted from the circumstance that buying and exchange of merchandise, and the exchanging or payment of money, form the chief business transacted.

EXCHANGES, FOREIGN.—(See FOREIGN EXCHANGES)

EXCHANGES, PRODUCE.—(See PRODUCE EXCHANGES)

EXCHEQUER BILLS.—These were promissory notes which were formerly issued by the English Government. They first came into existence at the end of the seventeenth century, and constituted the floating debt of the country for about 170 years. They have now gone out of existence, and their place has been taken by Treasury Bills (*qv*).

EXCHEQUER BONDS.—Bonds which are issued under the authority of Acts of Parliament, by the Lords Commissioners of His Majesty's Treasury. They usually run for periods of from three to five years, and it is seldom that they are issued for a longer term than ten years.

The following is a specimen of an Exchequer Bond—

Exchequer Bond

Per Act 7 & 8 Geo 5, c 41

B00413

£200

B00413

This Bond entitles the Bearer to receive the sum of TWO HUNDRED POUNDS on 28th January, 1930, together with Interest thereon from the date of issue, at the rate of £3 per cent per annum, payable half yearly on the 28th January and the 28th July, on presentation of the coupons hereunto annexed

The principal and interest of this bond are chargeable on the consolidated fund of the United Kingdom, pursuant to Act 7 and 8 Geo V, c 41, and are payable at the Bank of England.

London, 2nd March, 1918

Secretary to His Majesty's Treasury

EXCISE.—The Excise is a species of tax levied upon goods which are manufactured within the country, and hence differing from Customs (*qv*), and also upon certain licences which permit particular trades and professions to be carried on

The present article refers to the former, the latter being dealt with under the heading of LICENCES, EXCISE (*qv*). Other charges, sometimes referred to under Excise, are noticed under the heading STAMP DUTIES (*qv*), and are administered by the Board of Inland Revenue.

Since, like the Customs, the money derived from Excise is primarily required for the purposes of the Government, the rate of taxation is liable to change from time to time, and the present article deals with the Excise as it existed at the beginning of 1927.

EXCISE DUTIES

	£	s	d
<i>Artificial Silk</i> Singles yarn or straw manufactured in Great Britain or Northern Ireland (other than yarn produced by spinning from artificial silk waste on which duty has been paid), the lb		1	0
<i>Waste</i> Manufactured in Great Britain or Northern Ireland, the lb		0	6
<i>Beer</i> Brewed in U K whereof the wort is or were before fermentation of a specific gravity of 1055° For every 36 gall	5	0	0
(Subject to rebates in certain special circumstances)			
<i>Cards</i> Playing. For every pack		3	
<i>Coffee</i> Mixture Labels For every 4 oz.		0	1

Entertainment. Where the payment, excluding duty, on admission to any exhibition, performance, amusement, game or sport to which persons are admitted for payment, is—

	No Duty
Does not exceed 6d	1
Exceeds 6d but not 7d	
" 7d	8d
" 8d	1s 1d
" 1s 1d	1s 3d
" 1s 3d	2s.
" 2s	3s.
" 3s	5s.
" 5s	7s 6d
" 7s 6d	10s 6d
" 10s 6d	15s.
After the first 15s for every 5s and/or fraction	6

Exemptions.—Where the whole of the undertakings are devoted to philanthropic or charitable purposes without any charge on the takings for any expenses. Where the entertainment is entirely educational. Where (or partly educational or scientific purposes by an Association not formed for profit. Where for the object of reviving national pastimes in the case of associations not for profit. Where provided by or for a school or society, established or conducted not for profit.

<i>Glucose</i> { Liquid } . . .	{ Equal to the preferential rates of the Customs Duties
{ Solid } . . .	
<i>Matches</i> (a) For every 10,000	5 0
(b) Where a box contains more than 80 matches, on all matches exceeding 80, for every 10,000	3 4

<i>Medicine</i> · Labels	In Great Britain	£	s	d
only Where price of medicine is—				
Up to 1s	· · ·			3
" 2s 6d.	· · ·			6
" 4s	· · ·			1 0
" 10s	· · ·			2 0
" 20s	· · ·			4 0
" 30s	· · ·			6 0
" 50s	· · ·	1	0	0
Exceeding 50s	· · ·	2	0	0
<i>Molasses</i> · Equal to the preferential rates of the Customs Duties				3
<i>Playing Cards</i> · Each pack	· · ·			
<i>Railways</i> · Payable on the receipts from the passenger service at fares exceeding minimum fares For every £100—				
(a) Urban traffic	· · ·	2	0	0
(b) Otherwise	· · ·	5	0	0
<i>Saccharin</i> · And similar substances. For every ounce Equal to the preferential rates of the Customs Duties				
<i>Snuff</i> See <i>Tobacco</i> .				
<i>Spirits</i> · Home-made, if warehoused for 3 years or over For every proof gall.	· · ·	3	12	6
<i>Additional—</i>				
If warehoused for less than two years or not at all For every proof gall	· · ·	1	6	
If warehoused for two years but not three years For every proof gall	· · ·	1	0	
<i>Sugar</i> · Equal to the preferential rates of the Customs Duties				
<i>Tobacco</i> · Home-grown—				
Cavendish or Negrohead manufactured in bond. For every lb	Three-fourths of 10	4	½	
Unmanufactured—				
(a) Containing more than 10 lb of moisture in every 100 lb For every lb	· · ·	8	0	
(b) Containing less than 10 lb of moisture in every 100 lb For every lb	· · ·	8	10	½

EXCISE DRAWBACKS.—On the export of a commodity which has suffered excise duty, a drawback of the tax may be claimed. A drawback is payable even though the goods may be damaged or lost after shipment. The following table gives the rates of excise drawbacks as they existed in March, 1927—

<i>Artificial Silk</i> , on which it is shown to the satisfaction of the Commissioners that duty has been paid in respect of the articles or of the material from which the articles were made, and that the articles have not been used or, in the case of articles of clothing, that they have not been used otherwise than as models for trade exhibition, upon being exported as merchandise or shipped for use as ship's stores—	£	s	d
CLASS I—			
On any of the following articles produced in Great Britain or Northern Ireland—			
<i>Singles yarn</i> made from staple fibre or other waste, the lb	· · ·	9	
<i>Doubled or twisted thread</i> advanced beyond the stage of singles yarn—			
If made from staple fibre or other waste, the lb	· · ·	10	

In any other case, the lb	£	s	d
<i>Tissues</i> made from staple fibre or other waste, the lb	· · ·	1	7
<i>Tissues</i> proved to the satisfaction of the Commissioners to be made from other forms of artificial silk, the lb	· · ·	1	9

The above drawback rates are payable whether Customs or Excise duty has been paid in respect of the Artificial Silk, but where special application has been made to the Commissioners for the grant of alternative rates of drawback the following rates of drawback in respect of yarns and tissues of Artificial Silk will have effect subject to conditions imposed by the Commissioners in respect of material contained in the goods unless it is shown that the duty paid on the material was at the *Customs* rate—

<i>Singles yarn</i> made from staple fibre or other waste, the lb	£	s	d
<i>Doubled or twisted thread</i> advanced beyond the stage of singles yarn—			
Made from staple fibre or other waste, the lb	· · ·	8	
Made from singles yarn, the lb	· · ·	1	2
<i>Tissues—</i>			
Made from staple fibre or other waste, the lb	· · ·	9	
Made from singles yarn, the lb	· · ·	1	3

CLASS II—

<i>Goods</i> not previously specified which are made wholly or in part of artificial silk and which are shown to be in such form and state that, if duty had not been paid, they would be liable to the same rate of duty as that at which they or their components have already been charged	Equal to the amount of duty payable on the same weight of the like goods
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CLASS III—

<i>Made-up articles</i> consisting wholly or partly of artificial silk. If manufactured in Great Britain or Northern Ireland	Equal to the amount payable as drawback in respect of such a quantity of the like artificial silk as, in the opinion of the Commissioners, has been used in the manufacture of the articles
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<i>Beer</i> · On exportation or for use as ship's stores, or depositing in bond for such Of an original gravity of 105° For every 36 gall (less any rebate granted)	£	s	d
And so on in proportion for any difference in gravity			
<i>Chicory</i> Roasted, for every 100 lbs	· · ·	9	0
<i>Chicory</i> , mixed with coffee, roasted, the 100 lb	· · ·	9	0
<i>Glucose</i> Made in Great Britain or Ireland, on exportation or as ship's stores	· · ·		
Duty will be repaid on the deposit of Glucose in a warehouse for the manufacture of Cavendish and Negrohead	· · ·		

Molasses and Invert Sugar, and all other sugar and extracts from sugar which cannot be completely tested by the polariscope. An amount equal to the duty paid.

Molasses. Produced in Great Britain or Northern Ireland from duty paid Sugar and delivered to a licensed distiller for the use of Spirit manufacture. For every cwt

Provided duty was paid at the current rate

Saccharin. And similar substances made in Great Britain

Spirits. British, of all descriptions according to duty paid

Sugar. Home-grown and on which the proper Excise duty has been paid

Goods (except Beer) where Sugar or other sweetening matter has been used. Respecting such quantity of sweetening matter

Tobacco. Three-fourths of full rates of Customs Drawback

EXCISEMEN.—Also known as Inland Revenue officers. They are the officers who are charged with the collection of the excise (*q v*)

EX COUPON.—Without the interest coupon

EXCURSION TRAINS.—Excursion trains are passenger trains not part of the ordinary passenger service of a railway company, but specially advertised to run between special places, and on special occasions, and on conditions and at fares varying from the terms ordinarily applicable to passengers. There are generally special conditions as to the return trains, and as to the amount of luggage, sometimes luggage being altogether prohibited. In *Runsey v North-Eastern Railway Company*, 1863, 32 L J C P 244, the plaintiff was a passenger who had taken a cheap first-class excursion ticket subject to the express condition, of which he had notice, that no luggage was allowed. He had, nevertheless, put his portmanteau, which weighed less than 150 lbs. (the amount allowed free to first-class passengers by ordinary trains), into the train. It was held that he was bound to pay for the carriage of the portmanteau. Where a person has, by fraud, induced another to perform a service for him, intending not to pay for the performance of it, there is still a liability implied by the law, which may be enforced in the same way as an obligation arising out of an express contract. The rights and obligations of the company and passenger by an excursion train, except so far as may be agreed upon, are the same as in the case of ordinary passengers. A contract by a railway company to carry a passenger from one station to another does not, in the absence of special terms, entitle the passenger to break the journey at any intermediate station (*Ashton v Lancashire and Yorkshire Railway Company*, 1904, 2 K B. 313). The contract is entered into for the whole distance and nothing else.

EX DIVIDEND.—This means without the dividend which is due. When stock is sold, it is presumed, unless there is an agreement or some custom to the contrary, that any dividend which is owing

upon it is carried over with the sale to the buyer, and it is then sold "cum dividend"

EX DRAWING.—This is a term which is used when bonds are sold without any benefit that may arise from a drawing which is about to take place.

EXECUTION.—This is the name given to the peculiar process by which the judgment of a court of law is enforced.

In the article **ACTION** it has been pointed out what are the various judgments to which a person may be entitled in law. If an injunction is obtained, disobedience to it renders the offender liable to attachment (*q v*), and if specific performance (*q v*) is ordered, a similar result may ensue. But when execution is spoken of, it is generally assumed that the process to be followed is that which results from an award of money damages. If the person against whom an award is made does not pay the sum awarded, or the costs, the successful party issues a writ of execution for the purpose of satisfying the judgment. The most common form is the writ of *fi fa facias* (*q v*)—generally known as the writ of *fi fa*—under which the sheriff is ordered to seize the goods of the judgment debtor and to sell them in satisfaction of the judgment debt. Execution must be carefully distinguished from distress (*q v*). Under the latter all goods may be seized, with certain reservations, which are on the premises distrained upon. Under the former, nothing can be taken which is not the actual property of the judgment debtor. If the debtor is possessed of lands, the order to seize the lands is carried out by means of a writ of *elegit* (*q v*). Again, if the judgment is for the possession of premises and the delivering up of the same to the judgment creditor, the sheriff is empowered to enter upon the premises and to eject the defendant, who is a trespasser.

As the sheriff is empowered to seize everything which is the property of the judgment debtor, he is entitled to follow the debtor's goods, wherever they are. But he cannot break into premises except at his own risk, and, in any case, a breaking-in is not permissible by law until there has been a refusal of admission.

Sometimes it is not possible to obtain satisfaction by the seizure of the debtor's goods or lands, but the debtor may be entitled to property in the possession or under the control of some other person or persons. It is then necessary to have recourse to what is called "equitable execution," which may be of various kinds. Thus, a receiver (*q v*) may be appointed to collect any debts that are due, or a garnishee order (*q v*) may be obtained, under which the debtors of the judgment debtor are compelled to pay the amounts which they owe direct to the creditor. (See **ACTION**.)

EXECUTION CREDITOR.—Where a creditor has issued execution against the goods or lands of a debtor, or has attached any debt due to him, he cannot retain the benefit of the execution or attachment against the trustee in bankruptcy, unless he has completed the execution or attachment before the date of the receiving order, and before notice of the presentation of any bankruptcy petition by or against the debtor, or of the commission of any available act of bankruptcy by the debtor.

An execution against goods is completed by seizure and sale, an attachment of a debt is completed by receipt of the debt, and an execution against land is completed by seizure, or, in the case of an equitable interest, by the appointment of a receiver. An available act of bankruptcy is one

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According to duty paid

Equal to the duty on Sugar of like polarization.

Equal to the duty on such.

which is available for a petition at the date of the one on which the receiving order is made, and an act of bankruptcy is available for a petition if committed within three months before its presentation. An execution creditor who has seized and sold may retain the benefit of his execution, although the seizure and sale is itself an act of bankruptcy, but unless the execution is completed before the sheriff has been in possession for twenty-one days, the sheriff holding the goods for that time will avoid execution. A judgment creditor who has obtained an order for a receiver is not a creditor who has issued execution. A sale is not completed until all the goods have been sold, but if a contract to sell is complete before the act of bankruptcy, and only formal acts are necessary to carry out the contract, those acts may be done after bankruptcy. Where the sheriff who is carrying out an execution on behalf of a creditor is served with a notice of a receiving order, he must hand over the goods and money seized to the official receiver. He must also pay the proceeds (less cost of execution) of goods sold or money paid to avoid a sale in respect of a judgment for a sum exceeding £20, on receiving, within fourteen days, notice of a petition by or against a debtor against whom a receiving order is afterwards made on that or some other petition of which the sheriff has notice. An execution creditor must, if called upon, satisfy a landlord's claims for a year's rent.

EXECUTOR.—An executor is the person who has been appointed by the will of a testator to see that the directions contained in the will are carried out. The feminine form of the word is "executrix." An executor may be appointed by name or by implication, *e.g.*, as where a person is to have the testator's goods to pay debts, or where a person is appointed executor if another will not act; but in the latter case he is called an executor according to the tenor of the will. Again, a testator may leave the appointment of an executor to a third person, and such third person may appoint himself to the office, unless there is a contrary intention expressed in the will.

Where there is no will there can be no executor. The person who is then appointed to administer the estate of the deceased is called an administrator (*qv*), or administratrix. There may be, of course, more than one executor of an estate.

The rights and duties of executors and administrators are practically the same, except that the former must carry out the directions contained in the will of the deceased, whilst the latter, where there is no will, have nothing further to consider than the obligations laid upon them by the law.

Any person may be appointed as executor unless he is specially excluded by law. Lunatics and idiots are, of course, incapable of acting, for they lack understanding. An infant can be appointed, but he cannot act so long as he is a minor, but can prove on attaining his majority. When an infant is named sole executor, his guardian will be appointed administrator with the will annexed; if an infant is one of several executors, those who are not minors can act, and a grant of administration is not necessary. A married woman may act independently of her husband as executrix since the passing of the Married Women's Property Act, 1882, and may sue or be sued without her husband as if she were a *feme sole*. An alien is as capable of acting as a natural-born or a naturalised citizen. A

partnership firm, a company, or a corporation may each be appointed. The Administration of Estates Act, 1925, makes provision for the grant of probate to a Trust Corporation either solely or jointly with another person. The modern tendency is to favour such a grant and there are now several companies existing who undertake the offices of executors and trustees for an agreed commission as their particular business.

No special form of words is required for the appointment of an executor, but a testator should make his appointment clear so as to save unnecessary expense. If there is no executor expressly appointed, any person who has duties imposed upon him by the will may be an executor according to the tenor of the will. It has (*eg*) been decided that where a testator appointed a person "to hold and administer in trust all my estate well known to the said H. E.," this was sufficient to constitute H. E. an executor according to the tenor; in short, if it is clear from the language of the will or testamentary document that a particular person was intended to act as executor, that person will be appointed executor according to the tenor. The court, however, will not find that trustees named in the will are executors according to the tenor unless there is some direction that they are to do some act of an executory character.

An executor is generally appointed absolutely, but his appointment may be limited and extend to certain property only, or it may be only for a specified period. Again, on the death of a single or surviving executor, the executorship is transmitted to the executor named, if there is one, in the will of the executor, but where there are two executors, and one dies, the survivor becomes sole executor. But there is no transmission of an administratorship, nor does an executorship devolve upon the administrator of the estate of an executor or administrator. Whenever anything remains to be done to an estate, and there is no executor surviving, an administrator must be appointed to administer the portion of the estate which has been left unadministered. Where a person appointed executor renounces probate, the right of representation is as if he had never been appointed.

A person who intermeddles, without authority, with the estate of a deceased person, may render himself liable to be sued by creditors and legatees, and be put to much inconvenience. He is called an executor *de son tort*, *i.e.* of his own wrong. It has been said that he has all the disadvantages and none of the advantages of a properly constituted executor, but he is not liable beyond the amount of the assets which have come into his hands, and he may plead in an action brought against him that he has fully administered the estate. Examples of acts which constitute an executor *de son tort* are: (1) Demanding or receiving payment of debts due to the deceased; (2) paying the debts of the deceased out of the assets; (3) acting in fraud of creditors as the administrator of the deceased, but placing the deceased's goods in safety, arranging the funeral, and paying the expenses out of the assets, making an inventory of the deceased's goods, or receiving assets as agent for the lawful executor (provided that in so acting he does nothing that a lawful executor or administrator could not have done), do not constitute an executor *de son tort*. Thus an executor *de son tort* has all the liabilities, but none of the privileges (*e.g.*, a retainer) of a lawful executor.

No one is compelled against his will to accept the office of executor, nor need he accept it after the death of the testator, even though he promised during the lifetime of the deceased to act as executor, for he has given no consideration for the promise. There must, however, be a clear renunciation, which must be made before any act is done which lies within the ordinary province of an executor, or before anything is done from which an inference might be drawn that the person named in the will had decided to act as executor. The acceptance or renunciation must be complete, there cannot be a partial acceptance and a partial renunciation, or a conditional acceptance. If a person unduly delays in making up his mind whether he will accept, he may be cited before the Probate Division by any of his co-executors or by a proposed administrator. If an executor administers without obtaining probate within six months of the testator's death, he will be liable to a penalty of double the amount of duty chargeable, as a debt to the Crown. If the executor of an executor has accepted the executorship of his own testator, he cannot renounce the executorship of the original testator. When an executor has renounced probate, he will not be permitted to retract his renunciation without good cause.

Where two or more executors are appointed by a will, they are considered as one person, and in the administration of the effects the acts of one are deemed to be the acts of all. Thus one of several co-executors may, e.g., release a debt, surrender a lease, or sell a chattel. Where probate has been granted to one of several co-executors, it inures to the benefit of all. If an executor, who has not proved, intermeddles, he will be readily deemed to have accepted office. The surviving executor acts, after the death of the others, in the place of all. It is the first duty of the executors to bury the deceased in a suitable manner, and they will be allowed such expenses as are reasonable under the circumstances; this must obviously be done before the probate of the will can be granted. There are also many other things which may be done before a grant of probate, or of letters of administration; but it is prudent to obtain the one or the other as soon as possible, indeed, in the latter case, great difficulties may arise at very early stages of any semi-administration. On the other hand, an executor derives his authority entirely from the will, and probate is a mere ceremony evidencing his right to act. But no executor can proceed in an action at law in any matter concerning the estate of the deceased without producing the probate, which is the sole evidence of his title. The authority of co-executors is joint and several, so that one can release a debt so as to bind his fellow, and each executor has entire control over the testator's estate.

Executors have full power to sell, assign, mortgage, or pledge the assets of the testator. In a recent case it was alleged that an executor, without the knowledge of his co-executor, had, fourteen years after his testator's death, pledged certain plate of his testator and had misappropriated, for his own purposes, the money raised upon the plate, and it was held that such a transaction as between the executor and the pawnbroker was valid. An executor may sell, mortgage, or pledge any of the personal estate, even after twenty years, and if he does so, he is presumed to be acting in the exercise of the duties imposed upon him by will, so that the

purchaser or assignee is under no liability to creditors or legatees. In certain matters, such as the granting of leases, they may be restrained by any special terms inserted in the will. In the payment of claims they have the peculiar right of retainer (see EXECUTOR'S RETAINER), that is, they may retain the amount of their own debts in priority to any debts owing by the testator of the same degree. Even statute-barred debts may be paid, but not if they have been used upon and disallowed on that account. Other debts, which are unenforceable by reason of various statutes, may not be paid. If the executors do nevertheless pay them, an action may be commenced against the executors by the beneficiaries under the will for the repayment of the money so illegally expended. An executor or administrator may pay or allow any debt or claim on any evidence he deems sufficient, and may accept any composition, or any security, real or personal, for any debt, or for any property, real or personal, claimed, and may allow time for payment of any debt, and may compromise, compound, abandon, submit to arbitration, or otherwise settle any debt, account, claim, or thing whatever relating to the testator's or intestate's estate, and execute agreements, releases, etc.

For the purpose of relieving executors and administrators from too lengthy a period of administration, the Trustees Act, 1925, re-enacting Lord St. Leonards' Act, 1859, makes provision by which the representatives of a deceased person are enabled to advertise in the *London Gazette*, a London newspaper and in the provinces a local one, calling upon creditors and others having claims to come in and make good the same on or before a fixed date. The notice is well known, and it goes on to declare that on the expiration of the fixed time not being less than two months, the assets of the deceased will be distributed, regard being had only to those claims of which notice has been given, and that the executors will not be liable to any person of whose claim they have not had notice at the time of the distribution of the assets. This method exonerates the executors completely, but it in no way prejudices the right of a creditor to follow the assets into the hands of any persons who have received them.

The duties of an executor or administrator are briefly as follows—

- (1) To bury the deceased, incurring only such funeral expenses as are warranted by the estate and condition of the deceased.
 - (2) To prepare an accurate inventory of the goods and chattels of the deceased.
 - (3) In the case of a will, to obtain probate of the same within six months of the death of the deceased.
 - (4) To pay all the necessary death duties.
 - (5) To collect and realise the estate.
 - (6) To liquidate the outstanding debts of the deceased.
 - (7) To pay the legacies left by the will.
 - (8) To make whatever investments are ordered or are necessary.
 - (9) To distribute the residue.
 - (10) To keep accurate accounts of all matters connected with the estate, and obtain a proper discharge on the completion of the administration.
- There are special rules in the administration of assets which are applicable both to the order in which the assets are to be devoted to the payment

of debts, and also to the order in which the debts are to be paid. (See ADMINISTRATION OF ASSETS, ADMINISTRATION ORDER.)

Until the passing of the Land Transfer Act, 1897, only the personal estate of the deceased and not the real estate vested in his executor. Since 1897, however, the real estate also vests in the executor, and any person who claims it must acquire his title through an executor. The Administration of Estates Act, 1925, has repealed the Land Transfer Act in this respect, and under the new law *all* property in which the deceased was interested, provided the interest survives him, now devolves on the personal representative.

Where a man is actively engaged in business on his own account, he ought to take special care to give directions in his will as regards the business, and to indicate what proportion of his estate is to be employed in it. Otherwise executors may find themselves personally liable to creditors for continuing it. The safest plan, when there are no directions in the will, is to sell the business, though this step should not be hurriedly taken to the injury of the estate, but it should be sold so as to procure the best price reasonably obtainable. Where executors carry on the business of their testator in accordance with his instructions and with the assent of the creditors, they are entitled to be indemnified out of the testator's estate against liabilities properly incurred in the conduct of the business in priority to the claims of the testator's creditors. The liability of a partner ceases on death, for his death determines the partnership, and his estate is not liable for debts contracted after his decease.

In order that the executor may have time to inform himself of the state of the testator's assets, and to pay his debts, legacies are not payable until after the expiration of a year from the death of the deceased, although the will may direct earlier payment. This is known as the executor's year; but executors are not compelled to delay payment for so long a period. On the other hand, an administrator would be acting unwisely to make any distribution of an intestate's estate until a year has expired. In the case of legacies payable to infants, the personal representative may appoint trustees of the property and such trustees have the power to apply the income of an infant's property for his maintenance, education, or benefit. Where an executor of his own accord pays a legacy, he cannot compel the legatee to refund the money in order to pay other legates, but it is otherwise if he pays it under legal compulsion, further, if, after he has paid legacies, debts appear of which he had no notice at the time of payment, he can call on the legatee to repay. A creditor whose debt has not been paid can compel a legatee to refund.

Executors are jointly responsible for the funds which come into their hands. They must use prudence in dealing with the same, otherwise they will render themselves liable for any losses which arise. An executor has no authority in law to carry on his testator's business or trade, and if he does so without the order of the court he will, if the assets are deficient, be liable himself for the debts contracted since the testator's death. Also an executor must not leave the unlimited control of the funds comprised in the estate to his fellow-executor or executors, except at his own risk. An executor who by his act puts his co-executor into sole possession of assets is liable for the loss resulting

if the act was not necessary, unless it was done in the regular course of business. Executors are just as responsible as trustees, and, like them, they are entitled to no remuneration for their services, however laborious or valuable, unless there is a special provision as to compensation contained in the will. The only deductions that are allowed to be made are for out-of-pocket expenses incurred in the executorship. Where an executor or administrator has wasted the assets, he is guilty of what is known in law as a *devastant*, and is personally liable, as far as he had, or might have had, assets of the deceased. (See ADMINISTRATION OF ASSETS, ADMINISTRATOR.)

Executor's Accounts. An executor, and equally an administrator, must account for all profits which have accrued during the time of his office, either spontaneously or by his own acts, out of the deceased's estate. Thus if he carries on the business or trade of the deceased, whether in pursuance of the articles of partnership entered into by the deceased, or by a direction in the testator's will, or under an order of the court, he must account for the profits as assets of the deceased. To give other examples, he must account for all profits arising from (a) a lease, (b) occupying buildings at less than fair rent, (c) the purchase of legacies; (d) a sale to himself, (e) compounding debts or mortgages, (f) private speculations. Where he employs the assets in trade for his own benefit, the beneficiaries are entitled to interest at 5 per cent on the assets, or to the actual profits at their option, and surviving partners who are the executors of the testator and use his assets in the business must account for the profits so made. The executor may even be made to account for and pay over the profits, even though the persons in partnership with whom he made those profits are not made parties to the suit. It has been laid down that: "If an executor commits a breach of trust, he and all those who are accomplices with him in that breach of trust are all and each of them bound to make good the trust funds and interest. If an executor or a trustee makes profit by improper dealing with the assets or trust fund, that profit he must give up to the trust, if that improper dealing consists in embarking or investing the trust money in business, he must account for the profits made by him in such employment in such business, or at the option of the *cestui-que trust*, or if it does not appear or cannot be made to appear what profits are attributable to such employment, he must account for trade interest, that is to say, interest at 5 per cent." As a general rule, an executor cannot purchase part of the assets for himself, but must account for any profit made as trustee, he will be answerable for all loss sustained in consequence of a breach of trust, but will have to account for any gain. As to partnerships, the Partnership Act, 1890, provides: "Where any member of a firm has died or otherwise ceased to be a partner, and the surviving or continuing partners carry on the business of the firm with its capital or assets without any final settlement of accounts as between the firm and the outgoing partner or his estate, then, in the absence of any agreement to the contrary, the outgoing partner or his estate is entitled, at the option of himself or his representatives, to such share of the profits made since the dissolution as the court may find to be attributable to the use of his share of the partnership assets, or to interest at the rate of 5 per cent on the amount of his share of the partnership assets."

Where an executor invests the assets in unauthorised securities, he must answer for all deficiencies, and give up to the estate all profits. In short, if an executor deliberately acts with regard to the testator's property otherwise than his trust requires, he puts himself in this position: if there is any loss he must make it good, if there is any gain, it will not be for him, but for the beneficiary. An executor or administrator may be charged with interest on the assets retained in his hands in two cases: (1) If he unreasonably neglects to invest money in his hands for the benefit of the estate. The neglect must be unreasonable, *e.g.*, he will not be liable if it is necessary to keep considerable sums in his hands during the first year of his office to meet demands on the estate, but if he keeps money lying idle in his hands without any apparent reason or necessity, he will be charged with interest. In such cases the practice of the court now is to charge the executor with interest at 3 per cent instead of 4 as formerly, and the court will not charge more than 3 per cent unless a special case, *e.g.*, a direct breach of trust, is made out. (2) Where he has himself made use of the money, or has been guilty of some other misfeasance, to his own profit and advantage. Formerly the law was not so strict, but now it is settled practice that if the personal representative makes use of the money, he ought to pay the interest he has made, the principle being that he ought not to gain any profit from the trust property, and so it is now an established rule that if a trustee, having trust money in his hands, applies it intentionally to his own use, or in his business, he will be liable for interest at the rate of 5 per cent. If the money is employed in trade, the beneficiaries will have the option of either the interest or the profits derived from the trade, but they must decide to take either the profits, or the interest for the whole period, the minimum interest being 5 per cent. Where an executor mingles his private money with trust funds, and employs them both in trade, the beneficiary is entitled to have his share of the profits, if he so wishes, instead of interest on the trust funds employed. Even where an executor, who carries on a business, puts the trust assets in his bank in his own name, and thus gains additional credit to the advantage of his business, he will be liable to the beneficiary for interest.

As a general rule, only simple interest will be charged, but there are cases where in special circumstances an executor has been charged with compound interest, *e.g.*, where a legacy was bequeathed to an executor with a declaration that the legacy was in full for his trouble in performing his duties, and that he should not have any claim, or derive any profit from keeping in his possession any sums of money, without fully accounting for the legal interest thereof, the executor did not lay out the money as directed by the will, but used a large proportion of it in his trade, thus wilfully transgressing the will, and was, in consequence, ordered to pay compound interest. The principle appears to be that an executor ought to be charged only with the interest he has actually received, or which the court is properly entitled to say he ought to have received, or to presume he did receive, and beyond that he should not be punished.

Where an executor carries on the business of his testator, he will be liable to the trade creditors for any debts he makes in carrying on the business; but if he is carrying it on under the directions of

the will, he will be entitled to an indemnity from the estate of a testator against the trade debts, and where the testator's creditors agree to the business being carried on, the indemnity will take precedence over the claims of the creditors.

An executor is bound to keep accurate and distinct accounts of the property which he has to administer, and so, if he deliberately mixes the accounts with those of his own business, he cannot refuse to produce the original books, in which any portion of those accounts may be inserted. Speaking generally, an executor can only be charged for money actually received by himself, or his agent, and not for a default by his co-executor, and he is held responsible only for money actually received, and not for money he might have received except for his own default, a special case must be shown to make him account on the latter basis, and the plaintiff must prove at least one act of wilful default. Where an executor is required to furnish accounts in respect of the estate, he is entitled to be paid or to have the costs of so doing secured, before he complies, and this is equally so in the case of a solicitor. (See EXECUTOR'S ALLOWANCES.)

EXECUTOR, INSURANCE COMPANY AS.—(See TRUSTEE, INSURANCE COMPANY AS.)

EXECUTOR'S ALLOWANCES.—An executor or administrator is entitled to be allowed all reasonable expenses which have been incurred by him as such, except those which are due to his own default, but in general he will be allowed nothing, either in law or in equity, for personal trouble and loss of time incurred in his office of executor or administrator. If the executor at first refuses to act and afterwards lends his assistance, or even if he has benefited the estate to the prejudice of his own business, the position is the same, nor is a surviving partner, who is an executor, entitled except by the direction of the testator to any allowance for carrying on the business after the testator's death. Where the personal representative is a solicitor, he will be entitled to out-of-pocket costs only, unless expressly authorised by the will to receive profit costs, but the principle does not apply to costs incurred in a suit where the solicitor acts in the suit for himself and his co-trustees, in which case he will be allowed the costs properly chargeable by a stranger to the trust, but not any increase of costs due to the fact that he is one of the parties.

Where a solicitor is sole executor and trustee of a will, and the estate proves to be insolvent, he will not be entitled to charge profit costs, even if a clause in the will empowers him to charge profit costs, for such a clause amounts to a legacy to the solicitor, and being a gift, he cannot compete with the creditors.

In the same way an agent, who becomes the executor of his principal, has no right to charge commission on business done after the testator's death, *e.g.*, an executor who acts as auctioneer at the sale of the assets, cannot charge commission.

An executor in general must collect the assets himself, but he is entitled to employ an agent to collect the estate, in cases where a prudent man would be justified in employing an agent, and to be credited in his accounts for expenses so incurred, *e.g.*, executors may employ a collector to collect the weekly rents of several houses, or if there are assets in India, the executor may instruct an agent to collect them at the expense of the estate; or if the accounts of the estate are difficult and complicated, an accountant may properly be employed to assist.

An executor may, in proper cases, employ and pay out of the assets a solicitor to transact the testator's affairs, but he will not be allowed the charges of his solicitor for doing what the executor ought to do himself. And so a solicitor, who is executor, and under the will is entitled to charge for his services as solicitor, can charge only for services properly professional, and not for services which any non-professional executor ought to do himself, such as attending to pay premiums on policies, or to make transfers, and the like.

Where executors have borrowed or advanced money out of their own pockets for the purpose of paying the debts of their testator which carry interest, or the debts of imputate creditors who threaten litigation, they are entitled not only to be paid in full out of the assets in preference to the creditors, but also to be allowed interest for the money so borrowed or advanced. Where, however, an executor receives money to which he is not entitled, and pays it away to creditors, he will be liable to refund it.

In taking any account directed by any order or judgment of the court, all just allowances are now to be made without any direction for that purpose. Accounts on the basis of wilful default are not made on the ordinary administration judgment, but if wilful default is charged and evidence adduced, accounts and inquiries on that footing may be ordered at any stage of a suit (See EXECUTOR, EXECUTORSHIP ACCOUNTS).

EXECUTORSHIP ACCOUNTS.—Efforts have been made on various occasions to compel all trustees (which term includes executors) to keep proper accounts recording their dealings, but, unfortunately, the congestion of public business has prevented a Bill (which did once pass the Lords) from being introduced into the House of Commons, and consequently the subject was dropped. There can be little doubt that eventually legislation will be effected with the above object, but quite apart from the question of compulsion in the matter it is extremely desirable that executors should keep, or have kept on their behalf, accurate accounts to fully record their transactions, inasmuch as they may be called upon at any time by the court to bring in accounts, if an application by an interested party is made to that effect.

The first duties which are usually performed by an executor after the death of his testator are (a) to arrange for the burial of the deceased; (b) to prepare an account of assets and liabilities, render same to the Inland Revenue and pay estate duty thereon; and then (c) to take out probate, that is, to obtain from the Probate Division of the High Court of Justice a legal authority to act as the personal representative of the deceased person. If the deceased person died intestate, i.e., without making a will, similar duties fall upon the nearest next-of-kin, who must apply to the Probate Court for a grant of Letters of Administration (*q.v.*) (See ADMINISTRATOR, INTERSACY).

Probate or letters of administration will not be granted until estate duty has been paid, and this cannot be done until the executor or administrator has had prepared the estate duty account for the Inland Revenue authorities, and agreed with them the amount of the duty. The forms on which the estate duty account is prepared vary according to whether or not the deceased had any interests in settled property, and whether there is personal property only, or real and personal, and also

whether or not the gross value of the estate exceeds £500, but the object is in all cases practically the same, viz. To show (1) the estimated value of the property which "passes" by reason of the death of the deceased, and (2) full particulars and the estimated values of the real and personal estate of which the deceased was competent to dispose, together with details of debts, funeral expenses, and encumbrances. The household goods, pictures, jewellery, etc., and freehold and leasehold properties, ships and shares of ships, must all be valued by competent valuers and the valuations annexed to the account. Stocks and shares must be included at the published quotations at the date of death, or the values placed upon them supported by bankers' certificates or letters from the secretaries of the companies. Where there is a published quotation, a price one-quarter up from the lower to the highest of the official closing prices should be adopted as an estimated price, and where the death occurred on a day for which no prices are available, the price for the day before should be taken. If the deceased was the sole proprietor of a business, the various assets and liabilities must be shown in the account under the several appropriate headings, but if he was a partner in a firm his share in the real and personal property of the firm is to be stated, and supported by a balance sheet signed by the surviving partners.

The debts, encumbrances on real estate, and funeral expenses which are allowed as deductions from the gross value of the estate are all to be scheduled, and then a summary of the whole is prepared showing the total net value of the estate, and thus fixing the appropriate rate of estate duty.

Gifts *inter vivos* (during lifetime) made within three years of death, and gifts *donatio mortis causa* (*q.v.*), are liable (with certain exceptions) to both estate and legacy duties. Such gifts, however, do not form part of the deceased's estate, and the duties are payable by the recipients of the gifts unless the will otherwise directs (See ESTATE DUTY, DONATIO MORTIS CAUSA, GIFT INTER VIVOS, LEGACY DUTY).

The estate duty is a graduated stamp duty, which increases with the net value of the estate which passes on the death, and is payable at the rates shown on the next page.

But where the gross value of an estate, without deducting debts, does not exceed £300, a fixed duty of 30s. may be paid, and where such value does not exceed £500, a fixed duty of 50s. may be paid, in satisfaction of duty and interest. In other cases, interest is payable on the duty on the personal property from the date of death to the date that the estate duty account is rendered at the rate of 4 per cent. per annum, but interest is not payable on the duty on the real estate if the duty is paid within one year of the date of death. Furthermore, the duty on real estate may be paid by eight yearly or sixteen half-yearly instalments, with interest at the rate of 4 per cent. per annum on the outstanding instalments from one year after the date of death, but if the realty is sold, the unpaid duty must be paid at once.

The Finance Act, 1914, provides a concession for marginal relief where the value of the estate is slightly in excess of the amount where the rate changes. In such cases, the total duty payable is the highest amount of duty at the previous lower rate plus an amount equal to the excess over the particular maximum. For example, on an

Rates of Estate Duty.

Value of Estate Exceeds £100 and does not exceed	Rate of duty charged
£500	1
£1,000	2
£1,000	3
£5,000	4
£10,000	5
£12,500	6
£15,000	7
£18,000	8
£21,000	9
£25,000	10
£30,000	11
£35,000	12
£40,000	13
£45,000	14
£50,000	15
£55,000	16
£65,000	17
£75,000	18
£85,000	19
£100,000	20
£120,000	21
£140,000	22
£170,000	23
£200,000	24
£250,000	25
£325,000	26
£400,000	27
£500,000	28
£750,000	29
£1,000,000	30
£1,250,000	32
£1,500,000	35
£2,000,000	40

estate valued at £15,120, the duty payable will be 6 per cent on £15,000 = £900 plus the excess £120 or a total of £1,020. In the absence of this concession the duty payable would be 7 per cent on £15,120 = £1,058 8s.

Sometimes it is not possible to ascertain correctly the whole of the deceased's assets and liabilities and then the estate duty account is declared to be true and correct "as far as can be ascertained." Subsequently a "corrective affidavit" is lodged giving the final adjusted figures.

The accounts kept by an administrator are exactly similar to those kept by an executor, except that in place of the Legacies Account and Legatees' Accounts, there will be separate accounts for each person entitled to participate in the distribution of the intestate person's estate.

The Inland Revenue account for estate duty may be taken as the basis of the executor's books of account. These consist usually of a cash book and ledger, but in some cases, according to circumstances, it is desirable to keep a journal and special property registers. It is a good practice to copy an epitome of the will on the first folio of the ledger, in order to avoid frequent references to a full copy when dealing with the accounts.

The cash book should be ruled with two columns on each side, for capital and income receipts and payments respectively. A third column for the bank items is sometimes used, but as it is usual to bank all receipts and make all payments by cheque. The capital and income columns together form a detailed bank account, and the absence of the bank column, which merely contains the totals of the other columns, is not of importance.

The ledger should provide two columns on each side of the accounts, also for capital and income. The following is a list of the accounts usually desirable in the ledger—

- 1 Estate account (sometimes called corpus or capital account).
- 2 An account for each investment
- 3 Debts due by the deceased
- 4 Funeral expenses account
- 5 Testamentary expenses account.
- 6 Executorship expenses account.
- 7 Legacies account
- 8 Income account
- 9 An account for each life tenant.
- 10 An account for each annuitant
- 11 An account for each residuary legatee

A balance sheet should be drawn up at regular intervals, usually as at the anniversary of the date of death.

The ledger will be opened from the particulars in the Inland Revenue account, the assets being credited to the estate account and debited to their several separate accounts; and the liabilities of the deceased and funeral expenses will be debited to the estate account and credited to appropriate accounts. The balance then appearing in the estate account represents the amount on which estate duty has been paid, and it is advisable to bring this balance down.

The cash transactions subsequently supply the material for writing up the accounts. As the executor collects the proceeds of realisation of the various assets, the amounts are entered in the capital column of the cash book and posted to the credit of the asset account in the ledger, and any surplus or deficiency on realisation is transferred to the estate account. When dividends and interests are collected, regard must be paid to the terms of the Apportionment Act, 1870, which provides that all periodical payments in the nature of income shall be considered as accruing from day to day. Consequently when such income is received, any portion which is in respect of a period prior to the date of death must be treated as a collection of capital of the estate, and entered in the capital columns in the cash book and ledger. In this connection it should be noted that where an interim dividend has been received by the deceased during his lifetime and a final dividend at a different rate is collected by the executors, the apportionment should be made of the full year's dividend, the interim dividend collected by the deceased being treated as a receipt on account of the capital proportion. The second and subsequent receipts of income after the date of death from any investment are usually for periods wholly subsequent to the date of death, and, therefore, the full amount is entered in the income column of the cash book and posted to the corresponding column of the investment account, which is, in turn, balanced by periodical transfers to the income account.

As regards the credit side of the cash book, the entries recording the payment to the Commissioners of Inland Revenue of the estate duty, and the legal and other costs incurred in proving the will, are posted to the testamentary expenses account, but it should be noted that any interest paid on estate duty is entered in the interest columns, so as to fall eventually against the income of the estate. Payments on account of executorship expenses should be apportioned as between capital and

income, those incurred in realising and consolidating the estate being chargeable to capital, and those which arise in the course of generally administering the estate being chargeable to income. Payments on account of legacies and the legacy duties thereon are charged to legacies account, and when a specific legacy is assented to by the executor the value thereof is transferred from the asset account in which it is included to the debit of the legacies account. The total of the legacies account is eventually transferred to the estate account.

If an investment is made, the full cost to the estate, including commissions and stamps, is treated as capital and posted to an investment account accordingly; and when the first interest or dividend is received from the investment it is treated as all income of the estate, in spite of the fact that a proportion thereof had accrued at the date the investment was acquired. On the other hand, on the sale of an investment the whole of the proceeds is to be treated as a capital receipt.

Payments to life tenants or annuitants should be charged to their personal accounts, such accounts being periodically credited with transfers from the income account of the estate.

When the time arrives for dividing the corpus of the estate, the balance of the estate account, after realisation or re-valuation of the assets, is transferred to the credit of the accounts of the parties interested in their proper proportions, and then such accounts are met by payments of cash or the transference of investments.

A short set of accounts is shown later, but, before dealing with them, a few other matters should be noted.

In cases where there is the slightest doubt as to the solvency of the estate, the executor should be careful that the debts of the deceased are paid in their proper order, which is as follows—

1. Funeral expenses
2. Testamentary and executorship expenses
3. Debts due to the Crown
4. Debts having statutory priority
5. Judgments recovered against the deceased and recognisances.
6. Specialty and simple contract debts
7. Debts due on voluntary bonds

A payment by an executor of a debt of lower degree than others which are still unpaid is looked upon as an admission of assets to meet those other debts (and the executor incurs personal liability therefor), but as between creditors of equal degree an executor may prefer one to another. He also has the right to retain out of the assets a debt due to himself from the deceased as against other creditors of the same degree.

The above order for payment of debts and rights of preference and retainer does not apply to the application of any equitable assets of the estate, out of which all debts are payable rateably.

If, after providing for the payment of the debts, the estate is insufficient to pay in full all the bequests and devises indicated by the will, the assets must be marshalled and applied to the payment of the debts in the following order—

1. The residue of the general personal estate
2. Real estate specifically devised for the payment of debts
3. Real estate not devised or of which the devise has lapsed.

4. Real or personal estate specifically devised or bequeathed, subject to the payment of debts

5. General pecuniary legacies

6. Real estate devised specifically or by way of residue, and personal estate specifically bequeathed, but not charged with the payment of debts

7. Property over which the deceased had exercised by will a general power of appointment

8. The paraphernalia of the widow

In addition to the estate duty previously referred to, the real property and leaseholds are subject to a further duty called succession duty, and the personal estate (except leaseholds) to legacy duty. The rates of the succession and legacy duties are the same, and vary with the relationship between the deceased and the beneficiary, being as follows—

	<i>Per cent</i>
Husband, wife, lineal ascendants and descendants	1
Brothers and sisters and their descendants	5
Other relations and strangers in blood	10

but the 1 per cent duty is not payable—

(a) if the principal value of the whole estate for estate duty does not exceed £15,000, or

(b) if the beneficiary does not derive from the estate a total benefit in excess of £1,000, or

(c) if the beneficiary is the widow of the deceased, or a child under twenty-one years of age, and does not derive from the estate a total benefit in excess of £2,000

If the husband or wife of a legatee or a devisee is of nearer relationship to the testator than such beneficiary, the duty is only payable at the rate applicable for the beneficiary's husband or wife.

Exemption from legacy duty is allowed on (1) legacies or devises where the total net value of the estate (on which estate duty has been paid) does not exceed £1,000, (2) legacies or devises to the Royal Family, (3) specific bequests under the value of £20, and (4) legacies or devises of articles of historic or scientific interest bequeathed to a public body. (See LEGACY DUTY)

The executor is the person accountable to the Inland Revenue authorities for the legacy duty. On paying the legacy to the legatee, he should deduct the amount of the duty (unless the legacy is bequeathed free of duty) and take a receipt on the proper form. He must then pay the duty to the authorities within twenty-one days, otherwise interest will run and he will also become liable to penalties.

When the residue of the estate is being divided, the executor must have a proper residuary account prepared for the authorities in all cases where the person taking the residue is liable to legacy duty, for the purpose of enabling the duty payable to be correctly assessed. An example of a Residuary Account is shown on page 726. The residuary legatees are entitled to a copy of the executor's accounts.

In choosing investments an executor must only invest in those securities which are authorised by the will, or, in the absence of such directions, by the law (See TRUSTEE, TRUSTEE SECURITIES). Amongst those authorised by law are—

1. Government securities of the United Kingdom or India.
2. Securities of which the interest is guaranteed by Parliament.

- 3 Stock of the Bank of England or Ireland
 - 4 Preference, guaranteed, debenture, or rent charge stock of British railways, which have paid a dividend of at least 3 per cent on the ordinary stock for each of the last ten years
 - 5 Preference, guaranteed, or debenture stock of British water companies which have paid a dividend of at least 5 per cent on the ordinary stock for each of the last ten years.
 - 6 Indian railway debenture stock, the interest on which is guaranteed by the Indian Government
 - 7 Stock of any municipal borough of over 50,000 inhabitants.
 - 8 Stock of any county council issued under Act of Parliament
 - 9 Colonial stocks as to which certain conditions have been observed.
 - 10 Mortgages on freehold property not in excess of two-thirds of the value of such property.
 - 11 Stocks authorised for the investment of money under the control of the High Court
- A trustee must never acquire a redeemable stock at a premium in excess of 15 per cent of its redeemable price, and if a stock is redeemable within fifteen years he must not acquire it at a price in excess of its redeemable price.
- To illustrate several of the principles involved in the preparation of executorship and trust accounts, we will assume that Mr. Peter Street died on October

15th, 1925, and that his will provided for—

- 1 Bequests of £100 each, free of duty, to Mr. Arthur Street and Mr. Bernard Street, his brothers, who were appointed executors
- 2 Bequest of the household furniture to his widow, Mrs. Mary Street, absolutely.
- 3 Bequest of £200 to his widow to be paid as soon as possible
- 4 Bequest of £300 to the local hospital
- 5 Subject to the above legacies, the estate to be held in trust to pay the income to his widow for life, and afterwards to his son George and his daughter Dorothy in equal shares

The estate duty account showed that the estate consisted of what is set out in the above table.

The insurance money was paid to the executors towards the end of November, the freehold house was sold in December, the debts and legacies were paid before the end of the year, and the various dividends were collected as they fell due

The dividend received from the City Engineering Company, Ltd., on February 20th, 1926, was a final dividend at the rate of 10 per cent. per annum in respect of the half-year ended December 31st, 1925, making, with the interim dividend paid on August 20th, 1925, a dividend of 8 per cent. for the year. The shares were sold in July, 1926, and the proceeds invested along with other capital moneys then in hand

(Continued on page 727.)

Estate Duty Account.

Freehold House	.. .. .	..	Valued at	£1,500	0	0
£3,000 2½ per cent. Consolidated Stock of the United Kingdom	.. .. .	Market Prices	Valued at			
£8,000 4 per cent. Debenture Stock of the West British Railway Co.	.. .. .	55½-55¾	55½	1,658	8	9
1,000 Shares in the City Engineering Co., Ltd., of £1 each fully paid	.. .. .	108-110	108½	6,510	0	0
Cash in the house	.. .. .		£1	1	0	0
Cash on Drawing Account with the Lancashire and Yorkshire Bank, Ltd.	.. .. .			1,050	0	0
Edward Bennett—Loan on Mortgage at 4½ per cent. Interest accrued—October 6th, 1925, to October 15th, 1925—10 days	.. .. .			15	0	0
Less Income Tax at 4s in £ .. (say)	.. .. .	£2 6 6				
		0 9 4				
Royal Assurance Society—Life Policy	.. .. .		1 17 2	2,001	17	2
Bonus addition	.. .. .		500 0 0			
			300 0 0	800	0	0
Household Furniture, valued at	.. .. .			500	0	0
				£14,685	9	5
Debts due by deceased	.. .. .		£185 0 0			
Funeral Expenses	.. .. .		55 0 0	240	0	0
				£14,445	9	5
Estate Duty Account rendered November 12th, 1925—Rate of Duty 6 per cent.	.. .. .				
On Personal Estate—£12,945 9s. 5d. at 6 per cent.	.. .. .		£776 14 6			
Interest for 23 days, at 4 per cent. per annum	.. .. .		2 7 8	779	2	2
On Real Estate—£1,500 at 6 per cent	.. .. .			90	0	0
				£869	2	2

[illegible]

Freehold House.				(ACCOUNT No. 2)				Cr			
Dr.		Income.		Capital.		By Cash, Net Proceeds of Sale		Income.		Capital.	
		£	s d	£	s d	1925 Dec 20	C.B.	£	s d	£	s d
1925 Oct 15	To Estate Account, value for Probate purposes, of house situate No 15, King Street, Oldtown									1,625	0 0
1926 Oct 15	" Estate Account, Transfer of Surplus on realisation..			125	0 0						
				£1,625	0 0					£1,625	0 0
Consolidated 2½% Stock.											
Dr.		Income.		Capital.		By Cash, ½ year's Interest to Jan 5, 1926, less Income Tax, on £3,000 Stock		Income.		Capital.	
		£	s d	£	s d	1926 Jan 5	C.B.	£	s d	£	s d
1925 Oct 15	To Estate Account, Value for Probate purposes of £3,000 Stock at 5½% ..			1,658	8 9			13	7 5		112 7
1926 Oct 15	" Income Account, Transfer ..					April 5					
		58	7 5			July 5		15	0 0		
						Oct 5		15	0 0		
						" 15		15	0 0	1,656	16 2
		£58	7 5	£1,658	8 9			£58	7 5	£1,658	8 9
Oct 15 1927 Aug 2	To Balance ..					Jan. 5					
	" Income Account, Transfers—To June 20th, 1927			1,656	16 2	April 5		15	0 0		
	After June 20th, 1927 (15/8ths of £15 0s (ld.) ..	42	10 6			July 5		15	0 0		
		2	9 6			Aug 2		15	0 0		
						" "				1,635	0 0
										21	16 2
Aug. 2	To Re-valuation of £3,000 Stock at 5½% ..			£45	0 0	Aug 4		£45	0 0	£1,656	16 2
										£1,635	0 0

Dr. Edward Bennett Mortgage on Property situate Blank Street, Blankborough. (Account No 8) Cr

Interest payable April 5th and October 5th

		Income		Capital			Income		Capital	
		£	s d	£	s d		£	s d	£	s d
1925										
Oct 15	To Estate Account, for amount of Mortgage at 4½% per annum	1		2,000	0 0	1926				
"	" Estate Account Interest, accrued from Oct 8th to date £2 6 6					April 7	By Cash, 1 year's Interest to Apl 5, 1926, less Income Tax, on £2,000 at 4½% per annum	32	2 10	1 17 2
	Less Income Tax (say) .. 9 4	1				Oct 6	" Cash, 1 year's Interest to Oct 5, 1926, less Income Tax, on £2,000 at 4½% per annum	34	0 0	
1926						"	" Cash, Repayment of Principal			2,000 0 0
Oct 15	" Income Account, Transfer	17		117	2					
				£86	2 10				£86	2 10

Royal Assurance Society.

		Income		Capital			Income		Capital	
		£	s d	£	s d		£	s d	£	s d
1925										
Oct 15	To Estate Account, Policy on Life of Testator No. x for £500 and Bonus additions of £300	1		800	0 0	1925				
				£500	0 0	Nov 26	By Cash			800 0 0
										£800 0 0

Household Furniture and Effects.

		Income		Capital			Income		Capital	
		£	s d	£	s d		£	s d	£	s d
1925										
Oct 15	To Estate Account, Value for Probate purposes .. .	1		500	0 0	1925				
						Dec. 22	By Legacies Account for specific bequest to Mrs Mary, Street..	15		500 0 0

Debts owing by the Deceased.

		Income		Capital			Income		Capital	
		£	s d	£	s d		£	s d	£	s d
1925										
Nov 30	To Cash, Sundry Persons (in detail)	C.B.		197	0 0	1925				
				£197	0 0	Oct 15	By Estate Account, as per Schedule for Probate purposes .. .	1		185 0 0
						Oct 15	" Estate Account, Transfer of under-valuation for Probate purposes	1		12 0 0
										£197 0 0

[illegible]

George Street—Share of Residue Account.

(Account No 19) Cr.

Dr.		£	s	d.	1927 Aug. 4	£	s	d.	Cr.
1927. Aug. 4	To Cash, in satisfaction of Share of Residue C.B.	6,142	9	8					£
									6,142 9 8

Miss Dorothy Street—Share of Residue Account.

(Account No 20) Cr.

Dr.		£	s	d.	1927 Aug. 4	£	s	d.	Cr.
1927 Aug. 4	To Consolidated 21% Stock, Trans- fer of £3,000 Stock .. 3	1,835	0	0					£
"	" India 8% Stock, Transfer of £4,000 Stock .. 4	2,400	0	0					6,142 9 9
"	" Manchester Corporation 3% Stock, Transfer of £3,000 Stock .. 5	1,890	0	0					
"	" Cash, being Balance of Share of Residue C.B.	217	9	9					
		£6,142	9	9					£6,142 9 9

Balance Sheet—October 15th, 1926.

(As Account No 21)

Liabilities		£	s	d.	Investments—Assets		£	s	d.
Balance of Estate Account .. 1		12,489	19	11	At Net Probable Valuations—	3	1,656	16	2
Mrs. Mary Street, Income Account .. 18		20	0	0	£3,000 Consolidated 2% Stock				
					£2,000 West Indian Railway 4%	6	6,454	3	6
					Debiture Stock				
					At Cost—	4	2,445	5	0
					£4,000 India 3% Stock..				10,556 4 8
					Cash at the Bankers—				
					On Capital Account .. C.B.		1,943	15	3
					On Income Account .. C.B.				1,963 15 3
									£
									12,519 19 11

Residuary Account—4th August, 1927.

(As ACCOUNT No 22)

<i>Receipts</i> <i>Capital Account.</i>	Money received and property converted into money			Value of property not converted into money		
	£	s	d	£	s	d
£3,000 Consolidated 2½% Stock at market price 54½				1,635	0	0
£4,000 India 3% Stock at market price 60				2,400	0	0
£6,000 4% Debenture Stock of the West British Railway Co., sold 15th July, 1927, at 106	6,345	0	0			
1,000 shares of £1 each in the City Engineering Co., Ltd., sold 11th July, 1926	1,112	10	0			
£3,000 Manchester Corporation 3% Stock at market price 63				1,890	0	0
E. Bennett, Mortgage at 4½% realised 6th October, 1926	2,000	0	0			
Cash in the House at date of death	15	0	0			
„ at Lancashire and Yorkshire Bank at date of death	650	3	6			
Freehold House sold 20th Dec., 1925	1,625	0	0			
Household Furniture at Probate Valuation	500	0	0			
Royal Assurance Society Insurance Policy and Bonus	800	0	0			
Interest and Dividends on investments accrued to date of death—						
Consols 2½% Stock	1	12	7			
West British Railway 4% Debenture Stock	55	16	6			
City Engineering Co.	26	10	0			
E. Bennett, Mortgage Interest	1	17	2			
Interest and Dividends from date of death of life tenant (20th June, 1927), to date of closing the estate, 4th August, 1927—						
Consols 2½% Stock	2	9	6			
India 3% Stock	3	19	1			
Manchester Corporation 3% Stock	8	3	1			
West British Railway 4% Debenture Stock	5	6	0			
Bank Interest	2	13	6			
Transfer total of first column to second column				13,156	0	11
				£19,081	0	11
<i>Payments</i>						
	£	s	d	£	s	d
Estate Duty—Personalty	776	14	6			
„ „ Realty	90	0	0			
Funeral Expenses	55	0	0			
Debts due at death	197	0	0			
Testamentary Expenses	47	0	0			
Legacies—						
Widow (Furniture)	500	0	0			
Mrs Mary Street	200	0	0			
Arthur Street	100	0	0			
Bernard Street	100	0	0			
Local Hospital (net)	100	0	0			
Legacy Duties—	270	0	0			
Arthur Street	5	0	0			
Bernard Street	5	0	0			
Local Hospital	30	0	0			
Executorship Expenses	41	12	0			
Investments purchased by Executors—						
India 3% Stock	2,445	5	0			
Manchester Corporation 3% Stock	1,933	10	0			
				6,796	1	6
Net residue of property on Capital Account				£12,284	19	5
Residuary Legatees—						
George Street (son)	6,142	9	8			
Miss Dorothy Street (daughter)	6,142	9	9			
				£12,284	19	5

N.B.—The amounts due to residuary legatees are exempt from
legacy duty as the total net value of the estate is less than £15,000

Income Account.

		<i>Receipts</i>					
		£	s	d	£	s	d
Interest and dividends received on account of income from							
15th October, 1925, to 20th June, 1927—							
Consols 2½% Stock	..				100	17	11
India 3% Stock	..				92	0	11
West British Railway Debenture Stock	..				322	17	6
Manchester Corporation 3% Stock	..				63	16	11
City Engineering Co	..				13	10	0
Mortgage Interest	..				66	2	10
Bank Interest	..				6	4	4
					665	10	5
<i>Payments</i>							
Interest on Estate Duty to date of death	..	2	7	8			
Executorship Expenses	..	29	18	6			
Payments to Life-tenant	..	471	18	2			
					504	4	4
Balance paid to representatives of deceased life-tenant					£161	6	1

(continued from page 712)

The mortgage was called in by six months' notice given when the first interest fell due, and the proceeds invested

At the end of the first half-year the balance of income in hand (except £20, which by arrangement was always retained to cover accruing expenses) was paid to the widow, and subsequent payments to her were made quarterly.

The widow died on June 20th 1927, and the estate was closed on August 4th, 1927, the daughter taking over the Government and corporation stocks on account of her share.

In this example of executorship accounts, the estate duties, legacy duties, and income tax, are calculated at the rates in force at the date of death and dates of payment in 1925 and 1926 respectively. For payments made and dividends received after 5th April, 1927, income tax is assumed to be 4s. in £. The present edition went to press before the 1927 Finance Bill was introduced in Parliament

ESTATE OF
THE LATE PETER STREET, ESQ

LEDGER

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EXECUTOR'S RETAINER.—An executor or administrator has the right to keep back the amount of his own debt out of the assets of the testator which come into his hands, in priority to any other creditor of the testator in an equal degree. The ground for this special privilege is that an executor or administrator cannot sue himself, for he is the legal representative of the deceased, and, therefore, any other creditor might obtain priority over the executor by means of a judgment, and so prevent the executor receiving anything in satisfaction of his own debt in case the assets of the deceased are insufficient to pay all creditors.

An executor may retain his debt, even though the debt is barred by the Statute of Limitations, unless he has already brought an action upon it during the lifetime of the testator and failed to obtain judgment, but he cannot retain a debt which is unenforceable by reason of some statutory provision, e.g., the Statute of Frauds or the Sale of Goods Act. (See EXECUTOR.)

EXEQUATUR.—When a consul (*q v*) is appointed to act in a foreign country, he is appointed by commission or by patent issued by his own country. This commission or patent does not of itself allow him to exercise his functions. It must be confirmed by the country to which he is appointed, and this confirmation is made by means of a document called an "exequatur." It is issued by the Foreign Office. The grant of an exequatur does not follow as a matter of course. The country to which a consul is accredited may decline to issue it, or may withdraw it if issued. This, however, is a rare occurrence, and would only take place in cases of gross misconduct or something similar. The form of the exequatur varies in different countries. In some countries it does not go beyond a notification that the appointment of the consul is duly recognized.

EXHIBIT.—In swearing an affidavit (*q v*) it sometimes happens that reference is made in the body of the affidavit to some extraneous document, the contents of which are not set out. Such a document is called an exhibit. A commissioner for oaths (*q v*) is entitled to make an extra charge for each exhibit attached to an affidavit.

Every exhibit must be marked or numbered for the purposes of identification, and this marking is done or attested by the commissioner. The most

common method adopted is to take the initials of the deponent and to add numbers consecutively according to the number of the exhibits

EXHIBITIONS.—One means, now quite frequently employed, of bringing goods to the notice of the public or the retailer, is by the trade exhibition. These exhibitions are often confined to one trade at a time, but sometimes a general business exhibition is held. Olympia is a favourite place in London for the larger exhibitions—such as the motor show—while in the Agricultural Hall are held such annual exhibitions as the Shoe and Leather Fair, Confectionery Exhibition, etc. Most of the large firms connected with the particular trade are represented, stands and offices being erected for the purpose of enabling them to display their products. A considerable amount of business is usually done, but the chief advantage of such exhibitions is the opportunity they offer for collective intercourse. All the new inventions are exhibited; and by seeing the various operations connected with an industry, new ideas are originated and new processes suggested, so that the general development, organisation, and progress of the industry are stimulated. Some of the exhibitions are confined to the members of the particular trades, but many are open to the general public.

In connection with exhibitions, mention should be made of the Board of Trade's annual British Industries Fair (See BRITISH INDUSTRIES FAIR)

EX INTEREST.—Without interest.

EX MERO MOTU.—Latin: "Of one's own accord."

EX NEW.—When any new stock or shares are about to be issued in a joint stock company, and the first offer is made to the existing shareholders, a holder who sells his original holding "ex new" retains to himself the right to take up the new shares himself, instead of passing on the right to the purchaser of the shares.

EX OFFICIO.—This is a Latin phrase, which means "by virtue of one's office." Thus, a person may act as a member of the committee of a certain society because he happens to hold a particular office (e.g., that of President). He is then said to be *ex officio* a member of the committee.

EXPANSIVE THEORY.—The theory that in a monetary crisis the Bank of England should expand, and not contract, its issues. The Bank Charter Act of 1844 placed restrictions upon the issue of notes, but in great financial crises, the Act has had to be suspended, and then instead of the bank restricting its issues, it has been permitted by the Government to increase them beyond the amount of its authorised issue; on each occasion the application of the Expansive Theory saved the situation after the Restrictive Theory, as contained in the Act, had proved to be ineffective.

EX PARTE.—Latin, "on one part," or "on one side." It is always applied to an application which is made to a court of law without an opponent being first of all warned or advised as to the matter. Thus, rules nisi (*q.v.*) for mandamus (*q.v.*), prohibition (*q.v.*), etc., are generally applied for in the first instance in this way. No final decision is ever given upon a mere *ex parte* application. The merits of the case are inquired into at a later stage.

Sometimes the phrase also signifies "on behalf of." Thus, in certain cases, especially bankruptcy matters, where there is neither plaintiff nor defendant, strictly so-called, the matter is headed

"*In re A. B., ex parte C. D.*," and this signifies that an inquiry is being made into some matter which concerns A. B., but that the application is made by or on behalf of C. D., or is instituted by him.

EXPECTATION OF LIFE.—The expectation of life at a given age is the average number of years that persons of that age will live according to the rates of mortality applicable to their class and occupation in life. In short, the expectation of life is the average after-lifetime, and the average age at death will be found by adding the expectation of life to the present age. Tables of expectation vary according to sex, class, occupation, nationality, etc., but the tables in most common use are those based on general population statistics and the experiences of assured lives or annuitants.

Age	Male	Female	Age	Male	Female
0	51 50	53 35	53	18 22	20 29
1	57 51	60 31	54	17 55	19 58
2	58 53	61 28	55	16 59	18 57
3	58 32	61 09	56	16 24	18 17
4	57 80	60 58	57	15 61	17 48
5	57 14	59 94	58	14 98	16 80
6	56 42	59 22	59	14 37	16 14
7	55 64	58 46	60	13 78	15 48
8	54 82	57 64	61	13 19	14 83
9	53 96	56 79	62	12 62	14 20
10	53 08	55 91	63	12 07	13 58
11	52 18	55 02	64	11 52	12 96
12	51 27	54 12	65	10 99	12 36
13	50 37	53 22	66	10 47	11 77
14	49 46	52 33	67	9 96	11 19
15	48 57	51 44	68	9 47	10 64
16	47 68	50 56	69	9 00	10 10
17	46 80	49 69	70	8 53	9 58
18	45 93	48 83	71	8 09	9 09
19	45 07	47 96	72	7 66	8 51
20	44 21	47 10	73	7 25	8 15
21	43 37	46 23	74	6 86	7 72
22	42 53	45 37	75	6 49	7 29
23	41 68	44 51	76	6 14	6 89
24	40 84	43 66	77	5 80	6 51
25	40 00	42 80	78	5 49	6 14
26	39 16	41 94	79	5 19	5 81
27	38 32	41 09	80	4 90	5 49
28	37 48	40 24	81	4 64	5 20
29	36 65	39 39	82	4 39	4 92
30	35 81	38 54	83	4 15	4 67
31	34 98	37 70	84	3 93	4 42
32	34 16	36 86	85	3 72	4 19
33	33 33	36 03	86	3 51	3 96
34	32 52	35 19	87	3 33	3 74
35	31 71	34 37	88	3 15	3 53
36	30 90	33 55	89	3 34	3 30
37	30 11	32 73	90	2 87	3 16
38	29 31	31 91	91	2 76	2 99
39	28 53	31 10	92	2 67	2 83
40	27 74	30 30	93	2 60	2 68
41	26 97	29 50	94	2 52	2 54
42	26 20	28 70	95	2 43	2 39
43	25 43	27 91	96	2 32	2 26
44	24 67	27 12	97	2 18	2 12
45	23 92	26 34	98	2 01	1 98
46	23 18	25 56	99	1 82	1 83
47	22 45	24 79	100	1 61	1 69
48	21 72	24 02	101	1 40	1 55
49	21 00	23 26	102	1 20	1 42
50	20 29	22 51	103	1 02	1 29
51	19 50	21 76	104	87	1 16
52	18 50	21 02	105	.75	1 05

N B—The above expectations are "complete."

Tables of expectation of life are shown as either "curtate" or "complete". The former is based on completed years of life, that is to say, it assumes that death occurs at an exact age and leaves out of account the average period of six months lived by persons in the actual year of their death. The "complete" expectation, on the other hand, allows for this and is, therefore, always 5 greater than the "curtate" expectation. It is important to bear this in mind when using a table.

It is a common fallacy to suppose that a life annuity can be calculated by finding the value of an annuity-certain for a term equal to the expectation of life; and, similarly, that the value of a sum payable at death is equal to the present value of the sum discounted for the period of the expectation. This method is quite unsound, and the values so obtained often show appreciable inaccuracies.

The foregoing table is based upon the general population statistics for England and Wales (Census 1911 and Deaths 1910-11-12). It is anticipated, however, that the expectations corresponding to the 1921 census will, when the final results are available, show a general increase on those indicated in the table on the previous page.

EXPECTED TO RANK.—In the case of a bankruptcy, proofs are put in by the various creditors, some of which will probably turn out to be debts which are not payable out of the bankrupt's estate owing to various circumstances. Until a thorough examination has been made, it is uncertain how many of these may not be effectual demands, and, therefore, in the early stages an estimate is made of those which are probably effective, and these are the debts which are "expected to rank" for dividend.

EXPENSE MATERIALS.—This is a term sometimes used in costing to describe those materials which it is difficult to measure and charge direct to an article, order, or process. Such items as sundry lubricating oils, belting, cotton waste, fuel, packing materials, etc., used in the maintenance of plant, machinery, and buildings, and in manufacturing, may be termed "Expense Materials", though the term is sometimes restricted to those items relating solely to the repair and upkeep of plant.

EXPENSE RATIO.—(See LIFE ASSURANCE.)

EXPENSES JOURNAL.—This is a form of analytical Purchase Book often used in large businesses. In it are entered all invoices in respect of expenditure, the items being posted to the credit of the Ledger Account of the supplier of the goods or service, the debit entries being to the separate expense accounts named at the head of the analysis columns of the Journal.

EXPLOSIVES.—The manufacture of explosives has become, owing to recent events, one of the most important trades of this country, and by recent combinations a capital of many millions of pounds has been sunk in this species of business.

Explosives may be divided roughly into two categories—industrial and warlike. Industrial explosives may likewise be partly sub-divided into three branches, the gunpowder class, the nitro-glycerine class, and the ammonia class. The second and third of these are included in the expression "high explosives". Explosives for war purposes may be considered under the headings of propellants and shrapnels. Mining and railway construction on present-day scales are rendered possible only by the use of "high explosives," and the

Great European conflict showed what an overwhelming part they play in modern warfare.

The chief explosives now manufactured for mining purposes are gelignite (the most widely used of all), gelatine dynamite, cotton powder, ammonite, roburite and gunpowder, whilst the principal explosives used in warfare are gun cotton, cordite, ammonal, amatol, lyddite and tri-nitro-toluid. There are many other explosives of lesser importance, some of which, indeed, are essential as adjuncts to those just mentioned. For example, fulminate of mercury (*qv*) manufactured from mercury nitrated with nitric acid mixed with sulphuric acid, is the chief constituent of the defonator which is used to bring to explosion the charge of, say, cordite as a propellant, and of, say, lyddite as a disruptant.

This great explosive business is now carried on mainly for export purposes, the relative importance of the home trade as compared with the overseas trade being as one to five.

EXPORT ADVERTISING.—(See FOREIGN MARKETS, How to Get in Touch With.)

EXPORT AGENTS.—This term covers a limited class of agents who work from offices in the United Kingdom, and are quite distinct from those manufacturers' agents or representatives who operate entirely overseas. In effect, the export agent provides a shipping department for the manufacturer who does not feel justified in stating such a department for himself. The duties undertaken are to provide an office and sample room in a recognised shipping quarter, to canvass the London, Manchester, and other merchant shippers and export commission buyers, to obtain confirmation from the latter, and to take all reasonable means for expanding a manufacturer's colonial and foreign sales. The more substantial export agents go further than this, and employ travelling representatives who constantly tour certain markets abroad, or, as is more usually the case, make special journeys by arrangement with their principals. Further, an experienced export agency firm can generally be relied upon to possess a register of approved importers and buyers in all parts of the world, the compilation of which is the fruit of many years' practical knowledge, brought constantly up-to-date, and therefore a very effective instrument for circular and catalogue distribution. Export agents of the more enterprising type, in fact, frequently print their own weekly or monthly lists, to the cost of which their principals may or may not be asked to subscribe, and these are given a wide circulation by the means described. The agent who arranges a special trip overseas also not unreasonably looks to the firms he represents to make a special expenses contribution in addition to the usual commission. Such a contribution will, of course, vary according to the nature of the trip and the bulk of the samples to be carried, and may be anything between £25 and £300 per firm represented. His principal activities, however, lie in working the export interests of manufacturers at the home end of the business. On the whole, the export agent's position is not so important, or his selling influence so wide-spread, as might be the case. Certainly he is not the equivalent of the American commission export house, which latter approximates more nearly to the English merchant shipper. His limited position is in part due to the fact that the ground is so largely covered by other means under the traditional British export trade

system, in which the commission buying agent plays so large a rôle. Also his opportunities are so commonly in respect of manufacturers who desire only to make a tentative bid for the export trade with a minimum of expense and responsibility. He thus only too often finds himself in the unhappy position of doing the spade-work for a firm which will eventually open an export department of its own when his labours have made this worth while. This does not invariably happen, of course, but such conditions do not conduce to the export agency business being placed on the footing which it ought to occupy.

EXPORTATION.—The act of sending commodities out of one country into another.

EXPORT BUYING AGENTS.—The commission buying agent for overseas markets is distinctly a British institution, and a very important factor in British export trade, ranking in many respects on a level with the merchant shipper. His function is to buy in England for one or more wholesale importers abroad, to superintend the shipment of the goods he buys, and to finance the buying end of his client's business. He does all this under an agency arrangement, and is paid solely by commission on the total value of the buying he does, such commission varying mainly between $1\frac{1}{2}$ per cent and $2\frac{1}{2}$ per cent. He has to be an expert buyer of a wide range of goods, and, as he makes himself responsible for all payments to the manufacturers from whom he buys, settling his accounts with them month by month, he has to possess an intimate knowledge of his overseas principals' credit capacity, or he might easily saddle himself with responsibilities beyond their power to cover at the customary half-yearly balancing of accounts and settlement. In most cases, of course, the buying agent is supported by deposits made in London by the firms for which he buys, and against these deposits he can draw at need, but not infrequently it happens that he is the financial power behind the overseas firm, and is its principal creditor. The character of his buying has to some extent changed in recent years, for, whereas at one time he invariably received "open" indents to execute, with instructions of the most general nature, he nowadays receives a larger number of "specific" indents leaving him practically no discretion beyond that of an indent clerk, and no duties beyond "confirming" orders and arranging for their shipment. The "specific" indent is, of course, the outcome of the labours of the manufacturer's own overseas agent, and of such other influences as the development of advertising in trade journals and other media. A point in favour of the commission buying agent is that he enables the importer to enjoy the widest possible choice of sources of supply among the manufacturers of the United Kingdom, thus distributing export orders among many of the latter who would not otherwise be likely to participate. On the other hand, he has a distinct influence toward giving the export trade a more retail character than it used to possess, as many agents live by serving a score or two of importers of the smallest calibre—people whose business may aggregate to something substantial, but whose individual orders are apt to be of negligible size and value.

EXPORT CATALOGUES.—In the export trade catalogues serve a somewhat different purpose from that intended in the home trade, and require very distinct differences in their preparation. They do not go to surfeited buyers likely to drop them into

the waste paper basket, as may happen so often in the United Kingdom, but to merchants in colonial and foreign markets whose chief problem is often to keep in up-to-date touch with sources of supply, and who consequently welcome and preserve for study and frequent reference all classes of advertising matter which is intelligible to them. That is the whole point, to provide a catalogue which shall be intelligible to men of other languages, and monetary systems, who lack much information which is the daily common-place knowledge of the British business man. It is obvious, therefore, that it is well worth while to make an export catalogue fully comprehensive and informative—the overseas buyer cannot afford to wait for weeks to receive replies on minor details through the post—and it is also wise to make it attractive in appearance and durable in form, something which it is a pleasure to handle and which can be filed for permanent use.

The Language Difficulty. The question of language is one which cannot be buried, no matter what expense of translation and printing it may involve. The English language will, of course, serve for catalogues designed for British colonial markets, and even for one or two foreign markets such as Sweden, but it is quite an error to imagine that English is understood all over the world. Indeed, there are some markets, such as Spain, Portugal and the Latin-American Republics, where buyers who may have a perfect knowledge of English are none the less deeply affronted by the apparent slight put upon their own language by the receipt of advertising matter in any other. Consequently, there are only two courses which may be followed. Either one catalogue may be prepared in three principal languages, say English, French and Spanish, and made to serve for the whole world; or, better still, if the business to be obtained warrants the expense, a separate catalogue for every market may be prepared. In any case, it is important that the work of translation should be done by expert commercial translators, acquainted with technical terms and special idioms such as are to be found in no ordinary dictionary.

Quoting. Equally important is it that the fullest possible information should be given in the shape of wholesale prices and discounts, again because of the difficulty of protracted correspondence on the subject, and also because the immediate possession of cost details may be the determining factor in the buyer's choice between two competitive lines. Such details should be given in the currency of the particular market, as sterling quotations are simply meaningless to foreign buyers, the majority of whom are accustomed to the easy decimal system. *Cif* prices should be worked out and quoted in every case if possible, this being a convenience greatly appreciated in all markets. In doing this it is necessary to leave a sufficient margin to cover variations in rates of exchange, or it should be clearly stated that all quotations are subject to such variations. All discounts should be quoted, and the difficulty of giving these wholesale terms can be overcome by printing the discounts on a detachable slip which the wholesaler can remove if he desires to show the catalogue to a customer. A list of simple code words for cabling should be included, covering every item in the catalogue and every possible size, variation, quantity and number, and all parts for replacement. Illustrations, which speak in the universal language of

the eye, are even more useful than in home trade catalogues. Another point is that up-to-date technical information is never wasted in engineering and similar catalogues. In fact, a catalogue which has some of the characteristics of a textbook comes refreshingly to professional men in far places, who may feel out of touch with the latest developments, and who accordingly treasure any technical information which comes their way.

EXPORT CREDITS.—A scheme initiated by the Board of Trade under which a large sum of money has been set aside for advancing, through the medium of the banks, up to 80 per cent. of the value of shipments, on proper security. It is virtually an extension of the ordinary bill discounting methods, but with Government money and support behind the banks (See CREDIT INSURANCE).

EXPORT CREDIT TERMS.—(See EXPORT TRADE, ORGANISATION OF.)

EXPORTERS.—The persons who are engaged in sending goods to foreign countries.

EXPORT INVOICE.—An export or shipping invoice refers to goods sold for delivery abroad, and it will necessarily contain information not found on ordinary inland invoices, *e.g.*, marks, numbers, weights, and measurements of the packages, shipping charges, etc.

EXPORTS.—The goods sent out of a country in commerce. The greater part of British exports consists of cotton and woolen goods. Most of the cotton goods are made in South Lancashire, the mills there employing more than half a million operatives. Woolen goods are manufactured in the West Riding of Yorkshire, in the West of England, and in Wales, the number of persons occupied in the industry being nearly half-a-million. Metal goods and machinery come next in the order of value of exports.

Of natural products, the only export of consequence is coal.

Tables of exports, as well as tables of imports, are now carefully prepared by every mercantile nation, and they give an accurate idea of the international trade of a country. It is a debatable point, however, as to how far these tables are an absolute test of the real prosperity of a country, for, after all, the internal trade of such a country as England must always be of enormous volume, probably 70 per cent. at least of the total trade which is done.

EXPORT TRADE.—If a country were entirely self-supporting, producing within its boundaries all the requirements of its population, it could probably subsist without any foreign trade whatever; but as, owing to climatic and other conditions, this is out of the question—although some countries are undoubtedly nearer that independent position than others—an exchange of commodities must take place, for in the long run a nation can pay for products and commodities which it imports only by means of products and commodities which it exports. In the case of Great Britain, the proportion that our exports bear to our imports is the touchstone of our financial prosperity. We cannot go on for ever importing if we have not the necessary assets in the goods that we produce in order to pay for what we are buying. Therefore, our statesmen and business men scan with anxious interest the monthly trade returns of the Board of Trade.

The export trade, to be reviewed generally, would be largely a matter of statistics—rows and

columns of figures which would be soon out of date and which are not at all easy to make readable and interesting. It is not intended, therefore, to deal with these in this article, and readers interested are referred to *The Board of Trade Journal*.

All matters regarding the export of goods are dealt with under separate headings, such as, for example, CONSULAR INVOICES; CUSTOMS FORMALITIES; EXPORT TRADE, ORGANISATION OF; FOREIGN MARKETS, HOW TO GET IN TOUCH WITH; SHIPPING GOODS ABROAD; ETC.

EXPORT TRADE, ORGANISATION OF.—The British export system, with all its complexity and vast scope, its radical differences from the systems employed by the other great commercial nations of the world, finds its roots in the methods initiated by the merchant adventurers and trading companies of Elizabethan times. The former had to launch their cargoes into dark parts of the earth where no organised buying system existed, and where the caprice of the markets decided the success of a venture. The manufacturer had little to say in the matter, and was content to sell his goods to the merchant and to trouble no further as to their destination and fate. The merchant was his customer, and not the foreign buyer. So he stands to-day, still glad to use the intermediary services of the merchant shipper and the commission buying agent instead of dealing direct with overseas markets.

Without such a system no manufacturer could hope to do a world-wide trade, for none could find and successfully employ the huge capital that would be required to create a demand in, and finance orders from, all the numerous markets which are heavy buyers of British goods. The comparatively modern rise of international competition on a large scale has compelled certain modifications of the system, but the manufacturer has found a satisfactory method of pushing his own interests in overseas markets without antagonising the merchant shipper or sacrificing the convenient arrangement by which payment is made in England, and financial risk is so limited as to be almost non-existent. Commission buying now also largely supplements the work of the merchant shipper, and this is derived more or less directly from the organisation of the old China, East India, Hudson Bay and similar trading companies, whose agents, factors or managers abroad used to indent on the headquarters in London, where the actual buying was done and shipment arranged by staffs of experts. The Americans have evolved an entirely different system under which the export interests of manufacturers are grouped in the hands of commission selling houses, but that system would probably not so satisfactorily meet the much wider and more diverse needs of the British export trade.

The Overseas Importer. Thus we have at one end of the machine the manufacturer, and at the other end the wholesale importer, with the merchant shipper, the commission buying agent, the shipping and forwarding agent, the overseas agent or representative, and the export selling agent all intervening. In spite of these intermediaries, however, the manufacturer should possess sufficient imagination and actual knowledge to be able to visualise his ultimate customer, and to know him as something more than a mere "mark." Roughly, the wholesale importing houses may be classified under three heads. The first are the "coast houses" and their inland equivalents, which have flourished for

generations in the colonial and South American markets, and at the Treaty Ports of the Far East. They pioneered the trade in these territories, and at one time it was only through them that up-country storekeepers could obtain supplies. To a large extent, indeed, the storekeepers and native merchants were tied to them by financial obligations, and also depended upon them for the disposal of the large quantities of produce which had to be accepted from farmers and natives in lieu of cash. This business, by the way, brought a double profit both to them and to the storekeepers—a profit on the goods sold, and a profit on the produce received for the goods. These “coast houses”—rather a misnomer to-day, and falling out of use—invariably have their own buying houses in London, usually under the direction of senior partners who are thus enabled to complete their business careers at home after being exiled for more or less lengthy periods of their lives in their colonial establishments. Of late, origin, but even greater aggregate importance, is the wholesale merchant who, having started life as a shop assistant or small storekeeper, has struggled to independence during some period of prosperity, doing his buying, and incidentally obtaining a certain amount of financial support, through a commission agent in London. This type of importer has successfully challenged the “coast house” in most markets, and nowadays competes on level terms, so that there is little or nothing to distinguish between the two. The third class is the “native” importer, a term which is both unpleasant and misleading in its failure to discriminate between a merchant prince of Japan, a respected Chinese “compradore,” a Parsee of international repute, and the shifty Levantine trader or negro sample-hunter of the West Coast of Africa.

The Merchant Shipper and Commission Buyer. To the manufacturer each and all of these importers are simply “marks”—that is, they are known to him in a purely impersonal way by the distinguishing marks which the shipping firm instruct him to place on the goods intended for them. The indents of the “coast houses,” as already stated, reach him through the medium of their own buying houses in London, those of the other large wholesale importers more generally pass through the hands of commission buying agents; and those of smaller European and most native importers are handled by the merchant shipper. To take the latter first, his functions are not only described at length elsewhere (see **MERCHANT SHIPPER**), but are fairly apparent in his title. He buys and sells on his own account, taking his profit as a merchant, and he is able advantageously to handle a large amount of miscellaneous business, not only shipping large quantities in bulk, but making up an indent consisting of numerous small items into one consignment which can be profitably shipped. His operations are not necessarily confined to this small and miscellaneous business, but it is in the handling of this that he performs a specially valuable service. His knowledge of his clients and their circumstances and requirements also enables him to give special credit facilities which the manufacturer would be unable to consider. The commission buying agent is in an entirely different position. His work is done solely as the agent of an importer, or number of importers, under definite instructions, and for a fixed rate of commission. He buys in the open market, having no stocks to dispose of, and

he accepts all financial responsibility to the manufacturer. Nominally the agent of the importer, and often indebted to the latter for the capital on which he starts business, he is also just as often the importer's substantial creditor, and the sole arbiter as to the amount of the latter's buying commitments. His commission is calculated on the amount purchased and shipped in a given period, and may be taken as averaging $1\frac{1}{2}$ per cent to 2½ per cent on most staple lines.

Selling Agents. The day has passed when the manufacturer could rest content with the orders handed out to him by the goodwill of his friends among the merchant shippers and commission buyers. He is forced to meet competition by inducing importers to specify his particular goods in their indents, and he does this by the employment of agents (see **EXPORT AGENTS** and **OVERSEAS REPRESENTATIVES**) who perform this duty for him without in any way interfering with the functions and interests of the shipping and buying houses. They originally objected strenuously to the specific indent, but accept it as an established feature of the trade to-day. These selling agents do not actually book orders, but obtain the importer's promise to indent for their principal's goods, and then notify the manufacturer of the particulars and he seeks confirmation of the order from the importer's shipping connections when the indent arrives. Overseas representatives who perform this work are invariably on a commission basis, and represent a group of firms, the type of commercial traveller who is a salaried employee being almost unknown in the export trade.

Quoting, Sampling, etc. Allied to the work of the selling agents is that of quoting, sampling, catalogue distribution, etc. In quoting, whether in catalogues or by letter, the importer's own language and currency should be used, and through rates given, with all shipping and other discounts. Special terms should be used carefully, and with an expert understanding of their exact meaning. For example, *c/f* is sometimes wrongly assumed to possess the same meaning as “*Franco*,” whereas the one covers costs only to the wharf at the port of disembarkation, while the other means free delivery to the importer's very door. *F.o.b.*, *f.a.s.*, and *f.o.r.* provide another typical cause of confusion to novices, the first covering charges to the ship's hold, the second only to the wharf alongside the ship, and the third merely to the railway at the nearest point to the factory, yet it is sometimes assumed that all three amount to much the same thing and mean vaguely costs from factory to the ship. Sampling for export is a difficult question as a rule. It is too expensive a process to scatter samples broadcast, but where there is any real hope of orders resulting, it is usually possible to persuade buying houses to accept for distribution to their “marks” a limited number of samples invoiced at cost price. That is the only method by which sampling can be made worth while.

Packing for Export. This is a class of work best left in the hands of the expert packing firms who specialise in it. They pack for shipment and make themselves responsible for the dispatch of a consignment to the docks. Moreover, they keep themselves posted in regard to the requirements of railway and shipping companies and of the customs authorities in all markets, though it is usually advisable to check their work before shipment. In fact, it is the duty of the shipper, either merchant

or commission buyer, to inspect all consignments before authorising their dispatch.

Methods of Shipment. The buying and selling of the goods, and their packing for shipment, having been dealt with, the subsequent procedure is mainly of academic interest to the manufacturer, but of very practical interest to the shipper and his importing connections. The first point in this connection is the choice of vessel to ship by, as this may have an important bearing on the rates of freight paid. For "roughs" and general cargo the ordinary intermediate or cargo vessels should be chosen, and mail boat rates should be paid only on goods which are urgently wanted, perishable, or of sufficient value to make the difference in cost of carriage comparatively immaterial. The shipping company must be advised of the dispatch of the goods by means of a "Merchandise Declaration," which is a full description of the packages and their value, with instructions as to insurance. Arrival at the docks should be carefully timed for after the advertised "alongside" date, so as to avoid liability for demurrage. On receipt of the "Merchandise Declaration," the shipping company forward to the shipper a freight note and bill of lading, the former being simply a debit note for the freight charges, and the latter may be summarily described as a detailed certificate of shipment. Bills of lading are made out in triplicate, two being received by the consignor, who sends one, with a set of invoices, to the importer. These are the "shipping documents" without which the importer cannot obtain possession of the goods on their arrival at his port. Freight becomes payable on the arrival of the ship, and may be demanded before discharging operations commence. The shipper is responsible for its payment, and may arrange to pay it in advance by special agreement. It is usually quoted either weight or measurement ton at the option of the shipowner, the measurement ton being calculated at 40 cubic feet outside dimensions. The principal forms of contract under which shipments are made are "Free on Board" and "Cost, Insurance, Freight," and it is a fact not generally realised that under both the shipper's liability ends with placing the goods on board. From the moment they are shipped they become the property of the consignee, in whose favour the insurance policy is always made out. The *c.i.f.* contract merely places on the shipper the onus of arranging insurance on behalf of the consignee, and paying or crediting him with the cost of freight.

Consular Invoices. In making shipments it is especially important to fulfil with exactitude the special requirements of the authorities in individual markets, and particularly those concerned with the provision of consular invoices (*q.v.*) Forms for preparing the latter can be obtained from the respective consuls in England, and usually call for a complete list of the goods shipped, with markings, weights, values, etc., while a declaration as to the accuracy of these details, and in some cases a certificate as to the country of origin, has to be signed by the shipper. This, when completed, is certified by the consul, who is authorised to charge a fee for the work. Three or more copies are invariably demanded, and the required number must accompany the shipping documents to the consignee, who may otherwise find himself in serious difficulty, and possibly liable to more or less heavy fines.

Methods of Payment. In a limited number of cases shippers obtain payment from their customers

abroad either by direct remittance or by employing agents on the spot to collect amounts due against delivery of goods. More generally convenient, however, and therefore far more widely used, is the system under which bills of exchange are employed. This type of commercial instrument is not only a means for obtaining payment, but also enables the shipper—who has probably settled with his manufacturers on cash or one month terms—to raise money on the security of the goods shipped, and to re-employ it during the period he necessarily has to wait for completion by his importing clients. A bill of exchange is simply an unconditional order on the person to whom it is addressed to pay on demand, or at a fixed date, a certain sum of money to a specified person, or to bearer. Being an unconditional order, the bill becomes negotiable after acceptance and indorsement. It is also regarded as complete legal proof of indebtedness, and saves the production at much cost and trouble of other evidence in cases of dispute. The usual practice is to draw bills in triplicate, the first to arrive and be presented being the only operative one. The shipper who desires to obtain an advance on goods shipped draws a set of bills on the consignee, and deposits them and the bill of lading, insurance policy, etc., with the bank. Usually, too, he has to provide a letter of hypothecation, which is an authorisation for the bank to deliver the shipping documents when the bill has been honoured, or, if dishonoured, to dispose of the goods for the benefit of the shipper and to take the amount of the bill from the proceeds. That, in brief, is the simple outline of the machinery of payment, though much more could be said concerning the nature and methods of employment of bills of exchange under various conditions.

Export Credit Terms. These vary in regard to every market, and no hard and fast rule can be laid down concerning them. Some countries, or special trades in those countries, demand long credits; others pay immediately. On the whole, it is a question which concerns the merchant shipper far more than the manufacturer, the latter of whom draws payment from the home shipper or buyer except under rare and special circumstances. The distance of an overseas market from the United Kingdom is naturally an important factor affecting the usage of bills of exchange, but apart from this it may be taken as a general rule that countries whose staple industry is agriculture, and in some cases trades which are dependent upon that industry, provide the long credit markets. The reason is fairly obvious. Farmers have their money locked up from harvest to harvest in non-liquid resources. They receive the bulk of their incomes more or less in the lump once a year, and it is then that they make their payments. Consequently, the local wholesalers and retailers have to wait for these annual periods, and are compelled in the meantime to trade largely on credit, which they demand from shippers. Unless they are granted this credit they cannot send indents, but there is always the compensating fact that they pay for the financial accommodation required, and are generally less exigent in the matter of prices. British bills drawn on the United States are most commonly at 60 to 90 days' sight, and this is a fairly general rule in regard to Australia, South Africa, the Argentine, Brazil, Bolivia, Chili, Mexico, Paraguay, Peru, and Uruguay, though in the two British Dominions mentioned bills are frequently drawn

at all periods from sight to 120 days' sight. Canada is notably a "cash against documents" market, while a country like China, with its great exchange variations, is more conveniently dealt with by direct remittance instead of bills. The Central European and Balkan States are nearly all markets which require long credits, but in regard to most of them special facilities can be obtained by shippers under the British Board of Trade's export credits scheme. Since the Great War, too, banks and financial corporations have been established in Great Britain to specialise in providing facilities for export trade, and many of the leading general banks have initiated more liberal policies in this respect, and have created special departments for putting those policies into practice. (See SHIPPING GOODS ABROAD.)

EXPRESS DELIVERY.—(See POST.)

EX QUAY.—When goods are sold on "ex quay" terms the purchaser is responsible for all charges arising subsequent to freight and landing charges. Under such a contract, rent after an agreed period falls to the buyer.

EX SHIP.—The meaning of this term is that goods are sold free out of the ship, the purchaser providing the means of removal, and the responsibility of the vendor ending as soon as the goods leave the ship's side.

EXTENDED PROTEST.—When claims are likely to be made against a vessel for damage to cargo, the captain often extends protest. Full details respecting the voyage, as entered in the ship's log book, have to be declared in the presence of a Notary Public. The master, the mate, and a member of the crew must sign the declaration, which is then signed, sealed, and stamped with a 1s stamp by the notary. The stamp is cancelled by writing the date; and the document must also bear an embossed revenue stamp of 2s 6d value.

EXTENSION BONDS.—(See AMERICAN SECURITIES.)

EXTRACT OF MEAT.—The nutritious elements of animal food condensed into a small bulk. The extract is prepared by chopping the meat and heating it in water until one-eighth of it is dissolved. The liquid is then condensed, and the extract preserved in hermetically-sealed vessels. A large trade is carried on in this article in England, Germany, and South America.

EXTRADITION.—No country, in the ordinary course of things, ever took the trouble to inquire into the circumstances connected with a criminal offence committed in another country. But by international comity this state of affairs has been completely changed, and the practice of extradition has grown up, which may be described as the handing over of a prisoner accused of crime by the government of the country in which the alleged criminal has taken refuge to the government of the country within whose jurisdiction the crime has been committed, in order that he may be dealt with according to the laws of that country. Crime is essentially local, and every person who resides within a particular territory, whether he is a native or an alien, is subject to the criminal law of the State. But, as stated above, no country will undertake the prosecution and punishment of a criminal for any offence not committed within its own territory.

Extradition is entirely regulated by treaty, and there are now treaties existing between the majority of civilised States by which the contracting nations agree to give up fugitives from justice found within

their territories, if they are charged with certain specified offences, and provided that the proper proceedings are taken. In the absence of any treaty, there is no obligation imposed by international law (*q.v.*) that a State shall surrender a fugitive criminal, but this is frequently done as a matter of courtesy and comity by friendly nations without treaty. The English procedure is regulated by three Acts of Parliament, passed in 1870, 1873, and 1895 respectively, and the King is empowered by Order in Council (*q.v.*) to make these rules applicable to any foreign State with which an arrangement is made. The arrangement or treaty, however, unlike other treaties, must be submitted for the approval of Parliament.

The practice of different countries varies, and it is possible to state here only what is the customary form of procedure when a person who is charged with a crime alleged to have been committed in another country is found within the United Kingdom. A diplomatic representative of the foreign country applies to the Home Secretary for his surrender. The Home Secretary then inquires whether the crime is of a political character, *i.e.*, one which is incidental to and forms a part of a political disturbance. If it is, no order will be made, but if it is an offence covered by the extradition treaty in existence, the Home Secretary sends an order to a magistrate or a justice of the peace to issue a warrant of arrest. The prisoner is then brought before the magistrate or the justices, and a *prima facie* case being made out against him, an order is made for his extradition. Fifteen days are allowed within which the prisoner may appeal, but at the end of that time, if he does not appeal, or if his appeal fails, he is handed over to a duly authorised person of the foreign State applying for his extradition by an order under the hand and seal of the Home Secretary. The person surrendered can be tried only for the offence for which he has been extradited. Moreover, no order for extradition will be made if the prisoner is charged with a criminal offence committed within the jurisdiction of the English courts, until he has been tried here and acquitted, or has served his sentence.

The proceedings may take place at the police-court of the district in which the arrest is made. (See DEPORTATION.)

EXTRAORDINARY MEETING.—(See MEETINGS, COMPANY.)

EXTRAORDINARY RESOLUTION.—In a general way, when a joint-stock company meeting is held, resolutions are submitted to the meeting, and a vote is taken upon them by a show of hands. These are the resolutions which deal with the ordinary business of the company, and they are known as "ordinary" resolutions. They are carried by a mere majority. What may be included in ordinary resolutions is generally provided for by the articles. All other business is carried on by means of "extraordinary" resolutions or by "special" resolutions (*q.v.*). The extraordinary resolutions are those relating to matters outside the ordinary business of the company, and special resolutions are those which are either declared to be such by the articles, or are required by the Companies Acts. Whenever either an extraordinary or a special resolution is to be submitted, notice of it must be given to the shareholders when they are informed that an extraordinary meeting is to be held, and the full terms of it must be set out.

An extraordinary resolution is one which deals with some subject outside the general business of the company. And it is to preserve the rights of the minority that a more or less fundamental change shall not be made by a simple majority in voting power. When such a resolution is put forward, therefore, it is necessary that, in order to carry it, it should be passed by a majority of not less than three-fourths of the members entitled to vote who are present in person or by proxy, where proxies (*q.v.*) are allowed, "at a general meeting of which notice specifying the intention to propose the resolution as an extraordinary resolution has been duly given." This effectually prevents a snatch vote being taken.

EXTRA RISKS.—(See LIFE ASSURANCE)

EX WAREHOUSE.—When goods are sold under this condition, the purchaser is bound to provide the means of conveyance from the warehouse door.

EX WHARF.—When goods are sold on "ex wharf" or "ex quay" terms the purchaser is responsible for all charges arising subsequent to freight and landing charges. The term is used in the bulk produce trades, and the method of splitting the composite landing and delivery rate sometimes applied, is a matter of mutual arrangement between buyer and seller, or is covered by trade custom. When selling "ex wharf" a "prompt," or date after which rent charges shall fall to the buyer, should be given by the seller and stated in the delivery order.

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F.—This letter occurs in the following abbreviations—

F.	Franc
F a a	Free of all average
F a q	Fair average quality.
F a s	Free alongside ship.
F C & S	Free of capture and seizure
F g a	Foiegn general average.
F i Fa	Fieri facias (q v).
F o, Fol	Folio.
F o b	Free on board.
F o r	Free on rail
F p	Fully paid
F p a	Free of particular average.

FACE VALUE.—The nominal value of stocks or shares which appears written or printed upon the face of the stock or share certificate. The face value is frequently quite different from the market or selling value of the security, which may be either higher or lower than the face value, *etc.*, at a premium or at a discount.

FACTOR.—A factor is a mercantile agent, who, in the ordinary course of his business, is entrusted with possession of goods or of the documents of title thereto. A mercantile agent is an agent (see AGENCY) who, in the ordinary course of his business as an agent, has authority from his principal to sell goods, or to consign goods for the purposes of sale, or to buy goods, or to raise money on the security of goods. The difference between a factor and a broker (both being mercantile agents) is that the factor has the possession of the goods he is to sell for his principal, while the broker has not, and in some other respects the authority of a factor is somewhat wider than that of a broker. A factor carries on business as such in his own name, and not necessarily in that of the principal. Sometimes an agent, with the general authority of a factor, is employed to take a cargo of goods abroad and dispose of it to the best advantage, in such a case he is called a supercargo. The authority of a factor, like that of all agents, may, of course, be expressly limited by the contract under which he is employed, but unless such limitation is communicated to or otherwise comes to the knowledge of parties dealing with the factor as such, they are entitled to assume that the factor has all the rights and powers usually given to such an agent by the usage of the particular trade, and, further, that the rights and powers expressly conferred upon mercantile agents by the Factors Act, 1889 (q v), can be exercised by the particular factor. A factor is generally paid by a commission, or, as it is sometimes termed, factorage, on the amount of business transacted by him on behalf of his principal, the rate being fixed by agreement or by the usage of the trade or business. He has a lien (q v) upon the goods in his possession, as security for payment of his remuneration and charges. (See FACTORS ACT.)

FACTORAGE.—(See FACTOR.)

FACTORIES AND WORKSHOPS.—This article

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will define factories and workshops as described in the Factory and Workshop Act, 1901 (q v). A textile factory is a place within which steam, water, or other mechanical power is used to work machinery for manufacturing or finishing cotton, wool, hair, silk, flax, hemp, jute, tow, china grass, coco-nut fibre, or other like material. A non-textile factory is any one of the following works: Wai-houses, furnaces, mills, or foundries, earthenware works, lucifer match works, percussion cap works, cartridge works, paper staining works, fustian cutting works, blast furnaces, copper mills, iron mills, foundries, metal and indiarubber works, paper mills, glass works, tobacco factories, letterpress printing works, bookbinding works, flax scutch mills, electrical stations, print works, bleaching and dyeing works, hat works, rope works, bake-houses, lace warehouses, shipbuilding yards, quarries, pit banks, dry cleaning and carpet beating, and bottle-washing works.

All the above-named are non-textile factories within the meaning of the Act, if steam, water, or other mechanical power is used in aid of the manufacturing process there carried on. The following are also non-textile factories: Any place wherein manual labour is exercised by way of trade for gain: (1) For the making of any article, or part of an article, (2) altering, repairing, ornamenting, or finishing an article; (3) adapting any article for sale. It is essential that steam, water, or other mechanical power shall be used in aid of the manufacture.

The word "factory" simply means either a textile factory or a non-textile factory. A tenement factory is a place where mechanical power is supplied to different parts of the same building, occupied by different persons or firms for the purpose of any manufacturing process or handicraft. Each part of the building is, in law, a separate factory.

A workshop is any place or premises named, in Part II of the sixth schedule of the Act, which is not a factory. For the reader's information, these words must be repeated so that the reader may interpret the Act for himself—

"The manufacture of hats, rope, bread, lace warehouses, shipbuilding yards, quarries, pit banks, dry cleaning, carpet beating, and bottle-washing. A workshop is also any premises, room, or place not being a factory, wherein manual labour is exercised for gain, for (1) the making an article, or the part of an article, (2) altering, repairing, ornamenting, or finishing an article, (3) adapting an article for sale. The employer of the persons working in the workshop must have the right of access or control of the premises, to constitute the same a workshop. The term *workshop* includes a tenement workshop.

"A tenement workshop is any work-place in which, with the permission of, or under agreement with, the owner or occupier, two or more persons carry on their work therein. It may be illustrated as follows: A has a house in Bread

Street, the house contains separate rooms, which A lets to B, C, D, E, etc., as separate workrooms B, C, D, and E are all independent workmen employing others under them. A part of a factory or workshop may be treated as a separate factory or workshop, but only with the approval in writing of the chief inspector. A place may be a factory or a workshop, even though all the work is being carried on in the open air. If any child or young person performs any manual labour, as part of the school course of instruction in any handicraft, this will not be considered as manual labour for the purpose of gain, as defined by the Act."

FACTORS ACT.—The Factors Act, 1889, codified the law relating to mercantile agents, of whom factors (*q.v.*) form an important branch, and gave statutory sanction to various provisions for the protection of persons dealing with such agents which had formerly existed mainly by trade usage. The result is to exclude in those dealings the operation of the old common law rule that no one could give to another person a better title to goods than that which he himself possessed, and to enable a buyer who deals *boni fide* with a mercantile agent to acquire a good title to the goods he so acquires, even though for some reason or other the agent had not a right to make the disposition he has of the goods. Before giving the operative provisions of the Act, it is necessary to define the meaning of certain expressions used therein. For the purposes of the Act, the expression "mercantile agent" means a mercantile agent (*e.g.*, a factor or broker) having in the customary course of his business as such agent authority either to sell goods, or to consign goods for the purpose of sale, or to buy goods, or to raise money on the security of goods, "goods" include wares and merchandise, "document of title" includes any bill of lading, dock warrant, warehouse-keeper's certificate, and warrant or order for the delivery of goods, and any other document used in the ordinary course of business as proof of the possession or control of goods, or authorising, or purporting to authorise, either by indorsement or by delivery, the possessor of the document to transfer or receive goods thereby represented, "pledge" includes any contract pledging, or giving a lien or security on, goods, whether in consideration of an original advance, or of any further or continuing advance, or of any pecuniary liability, and "person" includes any body of persons corporate or unincorporate. In the course of the following observations reference will be made to agents "in possession" of goods, etc., so it may be well to say that a person is deemed to be in possession of goods, or of the documents of title to goods, where the goods or documents are in his actual custody, or are held by any other person subject to his control or for him or on his behalf.

The Factors Act deals first with dispositions by mercantile agents, and provides that where a mercantile agent is, with the consent of the owner, in possession of goods or of the documents of title to goods, any sale, pledge, or other disposition of the goods, made by him when acting in the ordinary course of business of a mercantile agent, will, subject to the provisions of the Act, be as valid as if he were expressly authorised by the owner of the goods to make the same, provided that the person taking under the disposition acts in good faith, and has not, at the time of the disposition, notice that the person making it has not authority to do

so. The withdrawal by the owner of his consent to the agent's possession will not affect a disposition by the agent, unless the third person has notice that the consent has been withdrawn, and where an agent has obtained possession of any documents of title to goods by reason of his being or having been, with the consent of the owner, in possession of the goods represented thereby, or of any other documents of title to the goods, his possession of the first-mentioned documents will be deemed to be with the consent of the owner. As in all cases such consent will be presumed in the absence of evidence to the contrary, the burden of proof (*q.v.*) lies upon the true owner to establish that the possession of goods or documents was not with his consent.

A pledge of goods by a mercantile agent differs from a sale, in that if the agent pledges to secure a debt due from him before the time of the pledge, the pledgee acquires no further rights to the goods than could have been enforced by the agent at the time of the pledge, and if goods are pledged by an agent in consideration of the delivery or transfer of other goods, or of a document of title to goods, or of a negotiable security, the pledgee acquires no right or interest in the pledged goods in excess of the value of the particular consideration.

The consideration necessary to support a sale, pledge, or other disposition of goods under the Factors Act, may be either a payment in cash, or the delivery or transfer of other goods, or of a document of title to goods, or of a negotiable security, or any other valuable consideration. (See CONSIDERATION.) It must be remembered that these special provisions of the Factors Act apply only to dispositions made by an agent who comes within the definition of a mercantile agent (*ante*), or made through a clerk or other person authorised by such an agent in the ordinary course of business to make contracts of sale or pledge on his behalf, and by "ordinary course of business," as the expression is used here and earlier in this article, is meant the ordinary course of the business as such mercantile agent, not the ordinary course of any other business that may also be carried on by the person who is appointed an agent. It has been expressly held that the authority given to a mercantile agent, who is in the possession of goods with the consent of the owner, to pledge the goods when acting in the ordinary course of business of a mercantile agent, is a general authority given to every mercantile agent, and is not restricted by the existence in a particular trade of a custom that a mercantile agent employed in that trade to sell goods has no authority to pledge them (*Oppenheimer v. Allenborough*, 1908, 1 K.E. 221).

If the owner of goods gives possession of the goods to another person, who may not, perhaps, be a mercantile agent within the definition given above, for the purpose of consignment or sale, or has shipped the goods in the name of another person, and the consignee of the goods has not had notice that such person is not the owner of the goods, the consignee will, in respect of advances made to or for the use of such person, have the same lien (*q.v.*) on the goods as if such person were the owner of the goods, and may transfer any such lien to another person.

Turning now to dispositions made by sellers and buyers of goods, the Act provides that (1) where a person, having sold goods or continued, or is, in possession of the goods or of the documents of title,

to the goods, the delivery or transfer by that person, or by a mercantile agent acting for him, of the goods or documents of title under any sale, pledge, or other disposition thereof, or under any agreement for sale, pledge, or other disposition thereof, to any person receiving the same in good faith and without notice of the previous sale, shall have the same effect as if the person making the delivery or transfer were expressly authorised by the owner of the goods to make the same; (2) where a person having bought or agreed to buy goods, obtains with the consent of the seller possession of the goods or the documents of title to the goods, the delivery or transfer, by that person or by a mercantile agent acting for him, of the goods or documents of title, under any sale, pledge, or other disposition thereof, or under any agreement for sale, pledge, or other disposition thereof, to any person receiving the same in good faith and without notice of any lien or other right of the original seller in respect of the goods, shall have the same effect as if the person making the delivery or transfer were a mercantile agent in possession of the goods or documents of title with the consent of the owner; (3) where a document of title to goods has been lawfully transferred to a person as a buyer or owner of the goods, and that person transfers the document to a person who takes the document in good faith and for valuable consideration, the last-mentioned transfer shall have the same effect for defeating any vendor's lien or right of stoppage *in transitu* as the transfer of a bill of lading has for defeating the right of stoppage *in transitu* (*q.v.*).

The transfer of a document may be by indorsement, or, where the document is, by custom or by its express terms, transferable by delivery, or makes the goods deliverable to the bearer, then by delivery.

Nothing in the Factors Act is to authorise an agent to exceed or depart from his authority as between himself and his principal, or exempt him from any liability, civil or criminal, for so doing, or to prevent the owner of goods from recovering the goods from an agent or his trustee in bankruptcy at any time before the sale or pledge thereof, or to prevent the owner of goods pledged by an agent from having the right to redeem the goods at any time before the sale thereof, on satisfying the claim for which the goods were pledged, and paying to the agent, if by him required, any money in respect of which the agent would by law be entitled to retain the goods or the documents of title thereto, or any of them, by way of lien as against the owner, or from recovering from any person with whom the goods have been pledged any balance of money remaining in his hands as the produce of the sale of the goods after deducting the amount of his lien; or to prevent the owner of goods sold by an agent from recovering from the buyer the price agreed to be paid for the same, or any part of that price, subject to any right of set-off on the part of the buyer against the agent.

With regard to this right of set-off, the leading case of *George v Clagett*, 1797, 7 Term Rep 359, decided that if goods are bought of a factor by a person who does not know that the ostensible seller is only a factor, and if the principal sues the buyer for the price, the latter may set-off (*q.v.*) against the principal's claim any claim he might have set-off against the factor had the action been brought by him. But if when the bargain was made the buyer knew that the ostensible seller was only a factor,

or had means of acquiring such knowledge, of which he ought to have availed himself, then he cannot set-off a claim against the factor in an action by the principal. Further, if the buyer knew that he was buying from a factor, but honestly believed that the factor was entitled to sell, and was selling to repay himself advances made by him for his principal, the buyer's right to set-off will not be lost.

FACTORY AND WORKSHOP ACTS.—Factories and workshops must be conducted in accordance with the terms of the Act of 1901 (together with the Factory and Workshop Acts, 1907-1916, which are short extending statutes), or in accordance with Orders issued by a Secretary of State, who has power by statute to issue such Orders. Other Acts dealing with the employment of women and young persons will be noted.

Health. Every factory must be kept clean; there must be no bad smell arising from a defective drain, or a dirty water-closet or urinal. There must be no overcrowding so as to endanger the health of the persons engaged. The ventilation must be as perfect as possible. All walls and ceilings must be limewashed at least every fourteen months, and painted and varnished work must be washed with hot water and soap at the same periods. Special exceptions to this rule may be made by Special Order. If the premises are not kept as clean as the Act requires, they will be treated as a nuisance, and the owner will be fined accordingly. Where persons are working overtime in a room, 400 cub. ft. of air space must be allowed to each person; on all other occasions the allowance must be 250 cub. ft. A notice must be exhibited in each room, stating the number of persons allowed in each room. Exceptions to the rule may be made by Special Order. Inspectors of factories are appointed, with large powers, for enforcing the Act. A proper temperature must be maintained in each room, and, in cases where ordered, thermometers must be fixed in suitable places. Power is given to the Secretary of State to establish a standard of sufficient ventilation. In those factories where the floors are constantly wet, means must be taken to provide effective drainage. There must be sufficient and suitable accommodation in the way of sanitary conveniences, and where both sexes are employed in the same building, the accommodation must be separate.

Safety. The following machinery must be securely fenced: Hoists, teagles, fly-wheels, water-wheels, race-wheels, and all dangerous parts of the machinery. The fencing must be in an efficient state always. Steam boilers must have proper steam valves, steam gauges, and water gauges. The boilers must be thoroughly examined by a competent person every fourteen months. The report of the examination must be attached to the general register of the factory or workshop. The regulations as to self-acting machines are: No portion must run out over a space over which a person is liable to pass; no person must be allowed to be in the space between the fixed and the traversing parts of the machine, unless the machine is stopped. No woman or young person must be allowed to work between the fixed and traversing parts whilst the machine is in motion. No young person must clean any dangerous moving machinery. No woman or young person must clean moving mill-gearing.

Every factory and workshop employing more than forty persons must be provided with reasonable means of escape from fire. The district council

must grant a certificate upon being satisfied that the Act is being obeyed. The district council is empowered to compel the owner or occupier to provide suitable means of escape from fire in all cases. The local authority may also make by-laws specially applying to fire precautions in factories and workshops. (This rule applies to town councils as well.)

All doors must open easily from the inside, and doors of rooms in which more than ten persons are employed must open outwards.

A court of summary jurisdiction may order the following things not to be used until the inspector reports them fit: The ways, works, machinery, plant, or steam boiler used in a factory or workshop. If the court is satisfied that a factory or workshop is dangerous to health, life, or limb, they may prohibit the use of the place until it has been made safe and fit.

Accidents. In the case of accident happening in a factory or workshop, written notice must be sent to the inspector of the district. The accident must have caused loss of life, or have caused the injured person to be unable to continue his work for five hours on any one of the three working days next after the accident. (Where an accident occurs by explosion or by fire, the occupier of the factory must send a notice of it to the Secretary of State. See Explosives Act, 1875.) If the accident causes loss of life, or is produced through machinery, hot liquid, or molten metal, notice must be sent to the certifying surgeon of the district, who must proceed to the scene of the accident and make a report.

Where death by accident has occurred in the factory or workshop, the coroner must advise the district inspector where and when the inquest will be held. The relatives may attend the inquest, together with any person appointed in writing by a majority of the workpeople. A formal investigation into the causes of the accident may be made by the Secretary of State, if he thinks it expedient.

Hours and Holidays. The hours for women and young persons employed in textile factories are: From 6 to 6 or from 7 to 7. On Saturdays their work must end at noon, or half an hour later, or at 11 30 a.m., in accordance with the kind of employment they follow, and the time allowed for meals. Two hours must be allowed for meals each day, except Saturday, when half an hour is allowed. A woman or young person must not work continuously for more than four and a half hours without having half an hour for a meal. A woman is a person aged eighteen and upwards, a young person of either sex is one over fourteen and under eighteen.

Children. Under the Education Act, 1921, children may not be employed in any factory or workshop, and a child is defined as being under the age of fourteen years. Technically, such person is not to be employed before the end of the school term in which he attains his fourteenth birthday.

Women and Young Persons. Under the Employment of Women, Young Persons and Children Act, 1920, it is laid down that no child shall be employed in an industrial undertaking, and further that no young person or woman shall be employed at night in any industrial undertaking, except in special circumstances which are set out below. Where young persons are employed in industry a register must be kept showing the dates of their births and the dates on which they enter and leave the service of their employer. The register is to be kept open

at all times when the works are open so that it may be inspected as required. Penalties are inflicted for employing children contrary to the Act, and failure to keep a register as required may be visited with the fine of £20. Women and young persons may, with the consent of the Secretary of State, be employed in shifts, provided that the young persons so employed are at least sixteen years of age, such shifts must be held between the hours of 6 a.m. and 10 p.m. and must not average more than eight hours per day. Young persons under the age of eighteen are not to be employed in night work in any public or private industrial undertaking, except in the following cases: namely, in the manufacture of iron and steel, in glass works, in the manufacture of paper, raw sugar, and in gold mining reduction work, in all of which cases young persons over sixteen may, under certain conditions, be employed during the night. "Night" means a period of at least eleven consecutive hours, including the interval between 10 p.m. and 5 a.m. In cases of emergency young persons between sixteen and eighteen may be employed in other industries, and the Government may, where emergency demands, suspend the rules preventing the night work of young persons.

Notices. The occupier of every factory or workshop must put up a notice therein, stating the period of employment, the meal times, and the regulations for the employment of children. All women, young persons, and children must have their meals at the same hour, and are forbidden to work at meal times. There must be no Sunday employment, excepting as regards Jews.

Holidays. In England whole holidays are: Christmas Day, Good Friday, every Bank holiday, or other days in place of them. In Scotland: Two days set apart for the Sacramental Fast, or two days to be fixed by the town council, eight half-holidays fixed by the occupiers. In Ireland: Christmas Day, March 17th, Good Friday, Easter Monday, Easter Tuesday, and six half-holidays fixed by the occupier.

In non-textile factories, the Secretary of State may make the following special exception: Women and young persons may be employed between 9 a.m. and 9 p.m.

Male Persons. In lace factories moved by mechanical power, a male person above the age of sixteen may be employed between 4 a.m. and 10 p.m., with legal intervals for meals and rest. In bakehouses: Between 5 a.m. and 9 p.m., with legal intervals. Women, young persons, and children may work for five hours continuously in the following processes: The making of elastic web, ribbon, and trimming. The employment must begin at 7, with one hour for breakfast, and then work until 1 p.m. The time for this arrangement is from November 1st to March 31st. The Secretary of State has power to extend this exception to other industries.

The rule as to having meals at the same hour does not apply to blast furnaces, iron mills, paper mills, glass works, or letterpress printing works. In print works, or bleaching and dyeing works, a male young person may have his meals at different hours, the effect of which is, that whilst one set of workers is at meals, another set may be still at work. Where the kind of work requires it, the Secretary of State may permit women and young persons to have their meals at different hours, and to be employed whilst meals are going on.

Jam and Fish Industries. Special arrangements as to hours of work, meal times, and holidays are fixed for young persons and women engaged in preserving and curing fish, and in cleaning and preparing fruit, from June to September inclusive. Where women and young persons are employed in creameries, the Secretary of State may vary their hours of labour and meals, and they may work for not more than three hours on Sundays and holidays. In the same way the Secretary of State may fix some other day than Saturday for the short day in non-textile factories or workshops as regards the employment of women and young persons, and as regards young persons engaged in newspaper printing offices. Women and young persons engaged in Turkey-red dyeing may work until 4.30 on Saturdays, but their total legal hours per week must not be exceeded.

The Secretary of State may permit the occupier of a non-textile factory or workshop to allow the annual holidays or half-holidays on different days to any of the women or young persons employed by him. Permission may also be granted to carry on employment inside and outside on the same day.

Jews. If the occupier of a factory or workshop is of the Jewish religion, he may employ women and young persons on Saturdays from after sunset until 9 p.m., he may also employ women and young persons for one hour extra on every other day, except Sunday, if he keeps his premises closed altogether on Saturdays. A woman or young person of the Jewish religion may also be employed on Sundays, provided the factory or workshop is closed on Saturdays and not open for traffic on Sundays.

Fitness for Employment. A woman or girl who has given birth to a child must not work in a factory or workshop until four weeks from the birth have elapsed. Young persons must obtain a certificate from the surgeon appointed, to say that they are fit for the employment. Generally speaking, the medical examination must take place at the factory itself. In certain cases, where the health of the worker demands it, young persons will be allowed to work only during the periods mentioned on the certificate.

Dangerous and Unhealthy Industries. A medical officer, called in to see a patient, must send a notice to the chief inspector of factories, if he considers that the patient is suffering from lead, phosphorus, arsenical, or mercurial poisoning, or anthrax, contracted in any workshop. A revolving fan must be provided in those places where grinding, glazing, or polishing on a wheel are carried on. Meals must not be taken where dangerous fumes or harmful dust are in the air. In wet spinning factories, women and young persons must be protected from being wetted. Young persons must not be employed in the silvering of mirrors, or the making of white lead. A female young person must not be employed in the melting or annealing of glass. A girl under sixteen must not be employed in the making of plain bricks and tiles, and in making salt.

A woman or young person must not take a meal in the following parts of factories or workshops: The mixing rooms of glass works; flint glass grinding, cutting, or polishing rooms; all parts of lucifer match works, except the wood-cutting part. The Secretary of State has full power to make regulations for the safety of persons engaged in dangerous trades. In every room or place where the weaving of cotton cloth is carried on, the moisture in the atmosphere must be regu-

lated in accordance with a scale fixed by the Act. Proper wet and dry thermometers must be kept in every cotton factory. In every cotton, cloth, or similar textile factory the water for moistening the atmosphere must be taken from a pure source.

Bakehouses and Laundries. The law as to bakehouses will be found under **BAKEHOUSES, LAW AS TO**. In laundries the following rules of law apply: Hours of work—Women, fourteen hours; young persons, twelve hours in any one day of twenty-four hours. The total hours per week must be sixty for women and young persons. The rules as to meals, holidays, health, safety, accidents, and education are the same as described above.

Docks. Docks, wharves, quays, and dock warehouses are treated as factories, so that the regulations as to dangerous machines, accidents, dangerous trades, inspection, and fines in case of death or injury may apply.

Buildings and Railways. Wherever machinery driven by mechanical power is used in the erection of a new building, or the repair of an old one, such building is held to be a "factory," and all the regulations, as in the case of docks, apply. Where any line or siding, not being part of a railway, is used as a factory or workshop, the provisions of these Acts are applied to it.

Homework. In certain trades, to be specified by the Secretary of State, lists of outworkers must be kept by the occupier of every factory or workshop, and by every contractor employed by him. These lists must be examined by the inspector, and a copy must be sent in February and in August to the district council or other local authority in which the premises are situated. If the premises in which the work is being carried on are unwholesome, the district council have power to prosecute the guilty party.

Smallpox, etc. No occupier must allow work to be given out consisting of wearing apparel, to be made or repaired, in any place where any inmate is suffering from scarlet fever or smallpox, or from any infectious disease.

Domestic Factories and Workshops. Young persons may begin work at 6 a.m. and finish at 9 p.m., and at 4 p.m. on Saturdays. Four hours and a half must be allowed off, and two and a half on Saturdays, for meals and rest. The following provisions do not apply to domestic factories and workshops. Simultaneous meal times, the putting up of notices, holidays, accidents, ventilation, drainage, and thermometers. The reason is that domestic factories are viewed as private houses, and the ordinary law which governs householders applies to them where these Acts do not.

If, however, any dangerous process is carried on, the rules of the Acts will apply to domestic factories. Unless the Secretary of State orders otherwise, the following work done in a private house does not constitute such house a domestic factory or workshop: Straw plaiting, pillow lace making, and glove making. Where work of any sort for gain goes on at irregular intervals in a private house, such work will not, of itself, constitute the place a workshop, especially if the money earned is not the principal support of the family.

Definitions of Domestic Factory and Domestic Workshop. A private house or room, though used as a dwelling, which is, by reason of the work carried on there, a factory or a workshop within the meaning of the Acts.

Work and Wages. In every textile factory where

work is paid for by the piece, the occupier must publish to his workpeople the rate at which wages are to be paid. Sometimes the amount of work done is registered by an automatic indicator, and sometimes it is stated in writing. No worker must publish particulars of the business or methods of the factory, as this constitutes the offence of divulging a trade secret.

Inspection. The Secretary of State may appoint a chief inspector, and such staff as may be necessary for the execution of these Acts. An inspector is authorised to do the following: To enter and inspect a factory or workshop by day or night, to take a constable with him, if necessary, to examine the registers, certificates, notices, and documents required to be kept, to see if the rules as to health are being obeyed, and to exercise such other powers as may be necessary.

Fines. Heavy fines are imposed if a person is killed or injured through the occupier having disobeyed these Acts, or if persons are employed contrary to the Acts. Parents are fined if they allow their children to work contrary to the Acts. Fine or imprisonment is inflicted upon any person who forges certificates or makes false declarations.

Miscellaneous. Factories and workshops belonging to the Crown are subject to the Acts. A woman young person, or child is within the Acts, whether she works in the factory or workshop for wages or not. As regards the county of London, the precautions against fire are placed in the hands of the London County Council. The following stringent rules of the Acts do not apply to workshops in which only men are employed, as it is considered that men are able to look after themselves: Rules relating to temperature, thermometers, ventilation, drainage, opening of doors, dangerous machinery, inquiries, hours and holidays, education, revolving fans, lavatories, meals, particulars of work and wages, notices and general register.

A young person who is a mechanic, artisan, or labourer merely employed in repairing machinery, does not come within these Acts; but the Acts affect him when he is engaged in his own shop or factory. The Acts extend to Scotland and Northern Ireland.

FACTORY ORGANISATION. It is appreciated nowadays that an efficient works organisation is absolutely necessary to ensure economy in manufacture, and in every factory the management is keenly alive to this necessity. The precise methods employed vary, for each factory has its own peculiar requirements, and the development of the organisation is for the purpose of catering for these requirements, but although the methods vary, the underlying motive is the same in all factories, and that is to get the highest possible output at the lowest possible cost.

A complete change of outlook has taken place during recent years, for with the rapid development of mechanical aids to production the possibilities of the factory have increased enormously, and good organisation is essential to transform those possibilities into actualities. The better the organisation, the greater is the capacity of the factory, for not only does good organisation exploit to the utmost the facilities already provided, but it shows just where additional facilities can be installed.

Good organisation means the effective exploitation of all the resources of the factory, whereby all the factors are co-ordinated, and waste is eliminated in every direction. Wasted material, wasted energy;

wasted time; these all have an adverse effect upon productivity, and the more they can be restricted, the greater productivity will be achieved. The more it costs to produce, the more restricted will be the output, and the higher the cost of the commodity, the less it costs to produce, the greater will be the output, and the cost of the commodity will be lowered.

Experts in industrial matters are agreed that the bigger the output, the lower is the cost of production, and the real object of organisation is to devise the means of increasing output. If two articles can be produced where hitherto one only has been produced, the cost of production is spread over two, instead of being debited wholly against one, and thus the cost of producing one article is 50 per cent less than formerly. From this it will be seen that large quantities can be produced at a relatively lower cost than small quantities, and to facilitate the production of large quantities standardisation and specialisation are resorted to.

Standardisation means production to a common design, the works being organised to produce large quantities of standardised parts, which can be rapidly assembled together to form a complete unit, each unit being the duplicate of another. The parts are interchangeable, which means that they are not manufactured for one unit, but can be used in connection with any unit of the one common design. The manufacturer of automobiles, gramophones, and wireless sets may be cited for the purpose of illustration, and in connection with these the comparatively low prices at which they are sold shows how the cost of production can be reduced by means of standardisation.

Specialisation means concentration upon one given particular, and the term "specialist" is applied to the man who has a profound knowledge of one subject, as against the man who has a superficial knowledge of many. In the modern factory the job is specialised, and the man specialises to understand and handle the job. This applies to every phase of the organisation, from management downwards, even the humblest of tasks is performed by a specialist, a man who knows more about that job than he does of anything else.

The firm specialises in one direction, in the manufacture of an electric motor, an automobile, or anything else, there may be various types and sizes, but it is a specialised product. The product itself is an assembly of specialised parts, and each part is brought to a finished state by means of a series of specialised operations. The factory itself is divided into specialised sections, each controlled and staffed by specialists engaged in a definite phase of manufacture, and apart from these there are the men who have specialised in production planning, rate fixing, progressing, storekeeping, and the like. No longer does one man concern himself with a variety of duties, he has one task to do, and he concentrates upon it.

This is the constitution of modern factory organisation, and it is essentially in keeping with the needs of the times. Cheap and plentiful production is absolutely necessary, but this is possible only when the means are devised to procure it, and the factory organisation is developed to make the best possible use of those means. Many of the phases of factory organisation do not always receive the attention they deserve, although they are of vital importance, and a number of these have been selected, particulars of which are given in the accompanying notes.

Shop Lay-out. It is important that the lay-out of the various manufacturing departments should be carefully planned, in order to facilitate production by the elimination of unnecessary movements. This applies, not only to the location of the various departments, but to the internal lay-out of each department, in respect to sectioning, equipment, etc. The ideal is to ensure a progressive flow of materials through the various phases of manufacture, commencing with the receipt of the raw materials, and ending with the dispatch of the finished product (See Fig.) The line should be direct, with no doubling back, such as obtains in many works in respect to intermediate operations.

The location of the departments should be in accordance with the relationship which exists between them, e.g., the raw store should be adjacent to the feeder and machining departments, the finished parts store should be in close proximity to the assembling departments, and so on, with the object of minimising the time necessary to

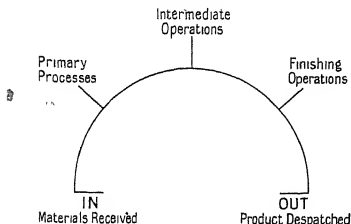
respect to subsequent phases of manufacture, due to the interior capacity of other units of the equipment. The laying-out of the department must be with a view to obtaining a definite output, and the necessary equipment must be installed to ensure this.

Production Planning. To get the best results from the factory, production planning must be resorted to, which really means "the best way to manufacture." It is essential that "research" should be continually taking place, and this calls for the services of a planning specialist. When the "lay-out" of the manufacturing departments has been accomplished, steps must be taken to ensure the best use being made of the facilities provided, and this is done by the scientific planning of manufacture. This commences with the design of the product, which indicates what is to be manufactured, giving at the same time particulars of all the constituent parts. It is in the design of these parts that economies can be effected in the first instance, and with this end in view the closest co-operation should exist between the designer and the planner. The latter has an intimate knowledge of the equipment he has at his disposal, and he wishes to make the fullest use of this; consequently the method of manufacture best calculated to ensure it is his first consideration.

The designer, however, has his limits, and beyond these he cannot transgress, assuming, therefore, that the former has done his part, the rest is in the hands of the planner, who is there to overcome difficulties. It may be that in some instances it is more economical to have parts manufactured outside than to produce them in the factory; if such is the case, it must be done, and the equipment utilised for other purposes. It is the aim of every firm to keep as much as possible inside the factory, and naturally the planner's first thought is in this direction. He, therefore, considers how he can "speed up" manufacture to permit of a bigger volume, and he decides that much can be accomplished by the provision of up-to-date jigs and tools. This may suggest to him in some instances a change in the manufacturing process, such as the utilisation of a power press for the manufacture (or partial manufacture) of something hitherto made by hand, and provision of an appropriate press-tool automatically follows. The planners' aim, as a matter of fact, is to reduce handwork to a minimum, and the work which has hitherto been laboriously fashioned by a highly rated skilled craftsman can now be produced in large quantities on the power press operated by a lower rated specialist workman. Not only is the cost of production cheapened, but manufacture is quickened, so that a man (or a machine) is available for other purposes, and output is accordingly increased.

Operation Planning.

It is easier, too, to select the right man for the job, for there is no fear of giving a highly rated skilled man a task which could be performed quite as efficiently by a lower-rated man or youth



transport supplies. Whether all departments are contained on one floor under one roof, whether they are all on one level but in separate buildings, or whether they are in one building but on different floors, the same rule operates, the course of manufacture should be as direct as possible.

The lay-out of the individual departments is in accordance with the manufacturing operations. A machining department is wholly and solely concerned with machining, but machining embraces a large number of different operations, such as cutting off, turning, screwing, milling, planing, shaping, slotting, drilling, tapping, and grinding, to mention but a few. Many of these operations are in turn further specialised, and the turning operation may be handled on an automatic lathe, a capstan lathe, or an engine lathe, while the drilling operation may in one instance be suitable for a radial drill, and in another instance for a sensitive drill. These factors all have to be taken into consideration when devising the lay-out of the department, otherwise the details in process of manufacture will pursue a zig-zag course, which entails far more handling than should be necessary.

Up-to-date equipment must be installed if efficiency is to be attained, and it is a mistake to retain equipment when better results can be obtained from something more up to date. The department cannot give of its best when old and patched-up equipment is relied upon, and in this connection it may be stated that it is of no use installing up-to-date equipment in one instance, if the fullest advantage cannot be taken of it in

Operations are classified according to the degree of skill demanded, and the operators are likewise classified, thus, operations classified A are handled by first-grade or (skilled) men, those classified B are handled by second-grade (or specialised) men, while those classified C are handled by the lowest grade workers, such as youths and girls. In planning the operation the first thought of the planner is to place it in the lowest classification consistent with efficient handling, but it is sometimes necessary to deviate from this rule in order to spread work over the department and thus ensure a greater output. The planner must, therefore, take into consideration the capacity of the equipment, and the amount of work already allotted to each unit, nothing is gained by overloading certain of the units, while others have not sufficient work to keep them fully employed.

To meet this situation, it may be good policy for certain operations to be temporarily promoted to a higher classification, which means that, although the operation is definitely in classification B, it may, in given circumstances, be handled by a first-grade man. Care must be taken, however, to see that this practice is not abused, and immediately conditions are normal the operation must revert to its own classification. Where the shop lay-out has been efficiently planned this should be a very rare occurrence, for in such circumstances the equipment provided is capable of meeting all demands.

When the product is comprised of a number of details assembled together, sub-assembling operations are planned with a view to minimising the number of separate parts used for the purposes of final assembly. This makes for simplicity, as in the case of machining operations, and many of the sub-assemblies can be handled by low-grade labour, thus materially decreasing the cost of manufacture, while increasing the output. The more sub-assemblies there are the better, for the work can be spread throughout the department, each workman has a definite task to perform, and by constant association with one job he becomes more proficient and his productivity increases.

Rate Fixing. In the workshop where a piece-work or a premium bonus system of wage payment is favoured, rates have to be fixed for the various jobs, i.e., the rate of remuneration for the work to be done. The rate is usually based upon the time necessary to perform the task, although in many cases it is fixed somewhat below that time, to provide the worker with an incentive to produce more quickly and thus earn higher wages than he would if paid by the hour.

Rate fixing requires very careful consideration, and a profound knowledge of the capability of the machine, and the man. A mistake or a miscalculation may have serious consequences, for a rate fixed too high will enhance the cost of the job and have an adverse effect upon output, while if it is fixed too low it provides no incentive for the worker to exert himself, and as a consequence nothing is gained from a production standpoint. Where the manufacturing operations are thoroughly dissected and definitely classified, rate fixing becomes a somewhat more simple proposition, because the standard rate of the operator engaged upon the task is known, and the time necessary for handling the operation can more easily be calculated.

The rate-fixer's duty is to fix a rate which will be satisfactory to the workman, and economical for the firm, which means that it must enable the

former to earn higher wages by increased application, thus ensuring for the firm a lower cost of production, quicker production, and consequently bigger output. The value of the facilities provided must be taken into consideration, for if these enable the operator to produce more quickly, it is obvious that the rate will be lower than it would be were these facilities not provided. To promote confidence, and to ensure the best results, "rate cutting" must not be resorted to; once the rate is fixed, it must stand, unless there is a change in the manufacturing procedure, and even then the new rate should not be the means of reducing the earnings of the operator, in other words, he should under the new rate be able to earn just as much as (if not more than) he did under the old, although his output would be higher than formerly.

Progress Work. This branch of the factory organisation has come into prominence during recent years, and in most factories nowadays a recognised progress department is firmly established. Progress work is mainly administrative, and it caters for the needs of the manufacturing departments by ensuring supplies being available when required, facilitating the movements of parts in process of manufacture, and guarding against delay in any shape or form.

Progress work is divided into three categories, viz., (1) clerical, (2) chasing, and (3) control. Clerical work comprises the compiling and issue of workmen's job orders, compiling of records relating to work in progress, and the keeping of graphs and charts for informing the management of matters connected with the output of manufactured parts. Chasing, which is really the oldest form of progress work, is the actual progressing of details through the various stages of manufacture, arranging for these to be got to the right stage at the right time. If details are held back for any reason whatever, it is for the progress-chaser to discover that reason, and apply the means whereby the details can be released. Control is the most advanced form of progress work, and directs the activities of the whole of the administrative forces. A close watch is kept upon delivery dates, and date schedules are provided for each manufacturing department. In some factories the purchasing and stores departments are under direct progress control, and where this obtains the head of the progress organisation is looked upon as the Director of Supplies. Even in factories where this control is not absolute, however, the administrative departments work in accordance with instructions emanating from the Chief of Progress, while this individual also exercises control over all work in progress, no matter in what manufacturing department it may be.

Part List. To enable the progress department to function efficiently, it is necessary for this department to be in possession of data relating to the various component parts of the product, and this is furnished by means of a Part List (see Fig.) compiled and issued by the drawing office. This list is usually blue printed, and copies circulated to interested parties. When amendments are made, the copies are called in, and new copies subsequently issued. The list gives information relating to the part number of the component, name of component, the class of material to be used in making the component, the source of supply, the number of components comprising one set

PART LIST

LIST No

Part No of Component.	Name of Component.	Class of Material.	Source of Supply.	No Req'd for One Set	Amount of Material Req'd for One Set	Used for Assembly.	Ref to other Part Nos	Date Designed	Date Revised

(*i. e.*, for one unit), the amount of material involved in making one set of components, the assembly of which the component forms part, old component numbers which this number supersedes, or reference to other component numbers in close association, the date the component was designed, and the date it was revised. Most firms nowadays favour this method of imparting information, although the layout of the Part List varies in the different works.

Requisition for Material. It is recognised that material supplies cannot be obtained without due authorisation, and the most favoured method is the official requisition, signed by a person with authority, usually the head of a department. As the requisition is used in the stores office for the purposes of adjusting the stock records, and also in the cost office for charging the value of the material against the specific job, it follows that the particulars appearing thereon must be accurate in every detail, and that the material actually withdrawn is as that recorded upon the requisition. The person making out the requisition then is required to exercise care, quoting accurately the job number for which the material is required, the part number for which it is to be used, and a correct description of the material wanted, together with the amount, type, size, or classification. The person receiving the requisition (*e. g.*, the store-keeper) is required to see that the material he issues tallies accurately with the particulars appearing upon the requisition, as regards amount, description, size, etc., and he is also required to add to the requisition such further particulars as may be desired, such as the weight of the material issued.

Rectification Ticket. This is made out at the instance of the inspector, either in his own department or in the progress office, when details submitted to him fail to pass the test, owing to bad workmanship or error; and have to be returned to the shop for correction. This, of course, applies only when the inspector decides that the trouble can be made good by rectification, as otherwise the parts are scrapped and a reject ticket is issued. The rectification ticket is issued only when additional expense is involved; when the operator has to rectify at his own expense the original work ticket is returned with the parts for the additional time to be recorded.

FACULTATIVE INDORSEMENT.—This is an indorsement of a bill of exchange in which an indorser has, as regards himself, waived some or all of the holder's duties, such as presentment for payment, notice of dishonour, etc. The following is an example of such an indorsement—

Pay G K B, or order,
Notice of Dishonour waived.

A. J. M.

FAHRENHEIT.—The name of a German physicist and scientific instrument maker, who invented the thermometer which is still most popularly used in England. In the Fahrenheit system the freezing point is fixed at 32° and the boiling point at 212°, whereas in the Centigrade system (*q. v.*) the two points are at 0° and 100°, and in the Réaumur system (*q. v.*) at 0° and 80° respectively.

FAIENCE.—All sorts of pottery were formerly included under this heading, but the name is now confined to the finer glazed and painted varieties. The Italian town of Faenza, where the manufacture originated, is the source of the name.

FAILURE.—The general term used to denote the bankruptcy or suspension of payment of an individual or a commercial firm or company. (See **BANKRUPTCY**, **WINDING-UP**.)

FAIR COMMENT.—Just and reasonable comment upon matters of public interest which, if made without malice, affords no ground for libel proceedings. The plea that the words complained of are "fair comment, made without malice upon a matter of public interest" is a good defence.

FAIRS.—A fair has been defined as "a greater sort of market"—a market being a public time and place of buying and selling. Every fair, in fact, is a market, though every market is not a fair.

The right to hold a fair is a franchise, and can be derived either from royal grant or from prescription, which presumes a grant. Such a right may also be derived from statute. The person having the right to hold a fair can hold it only within the limits, as to both time and place, specified in the grant, and must at its commencement proclaim the length of its continuance. The grant of a fair implies the right—now, however, practically obsolete—to hold a court of "piepowder" for the settlement of disputes therein. Whenever the fair is held, every member of the public has, of common right, the liberty to

come into the place of it and frequent it for buying and selling, and to bring his goods therein and expose them for sale. Usually, the grant confers the right to charge tolls in the fair, and if no amount of toll is specified, a reasonable amount may be charged. Tolls are payable in respect of any sale, and are borne by the buyer, but there are certain other dues, viz., stallage and pottage, which are paid for the liberty of having stalls in a fair, and these are sometimes, though incorrectly, called tolls. The owner must charge the same tolls to all persons, though he may remit part to favoured persons.

The right to hold a fair implies a right to prevent any man holding a rival fair within 7 miles, it being a disturbance to do so. It must be remembered that in an action for disturbance it is no defence to prove that the rival selling is on private ground, or that the defendant claims no franchise and takes no toll. Special damage must be proved if the rival fair is on a different day, but will be presumed if it is on the same day. In many cases, an action for disturbance depends on the construction of a particular statute, but it may be said generally that to sell in one's own shop, however large, is no disturbance. The right to a fair may be lost in several ways. Thus, it may be forfeited by non-uses or abuse, such as holding it on a day not authorised by the grant, it may be surrendered, or it may be extinguished by Act of Parliament. This last is the most usual mode, for the Fairs Act, 1871, authorises the Home Secretary to make an order, in certain circumstances, abolishing any fair held in England and Wales. Such an order can only be made with the consent of the owner, and after a representation by the owner, the district council, or (in London) the justices of the petty sessional district, that it will be for the convenience and advantage of the public that the fair be abolished. The formalities as to advertisement, etc., prescribed by the Act must be complied with.

FAIR-TRADE.—Here is the theoretical justification of the Fair Trader's attitude. The benefit of commerce does not consist in the commodities sold. A country produces an exportable article in excess of its own wants, not from the necessity of the case, but as the readiest and cheapest mode of supplying itself with other things. The real advantage of commerce consists in the imports, but since we must sell our commodities in order to obtain these imports, we must induce other nations to take our commodities in exchange. In proportion as the competition of other countries compels us to offer our commodities on cheaper terms, on pain of not selling them at all, we obtain our imports at greater cost; and in proportion as former markets are closed to us, we must either open others, or stimulate a greater demand for our goods by lowering prices in the markets we may still enter. The nature of the goods we have to offer gives us some advantage in the latter respect. For manufactured goods are usually such as are very "elastic" in demand, a slight fall in prices calls forth a greatly increased demand. But the limits of elasticity may well be reached before we have sold enough to pay for our food and raw materials. If, then, we cannot obtain the things we want by making cottons and hardware and the rest, we shall be obliged to divert our labour and capital to agriculture; but in this country we can hardly retrace the steps that have led us from a thinly-spread agricultural and pastoral community to a densely massed industrial people. In our pursuit of plenty we have ceased to ground our

prosperity on the stable basis of land, and have founded it upon the fluctuating basis of trade. We get a great return for our labour, but it is at the cost of anxiety as to the disposal of our goods.

To put the matter in another way:—We must have imports; they must be paid for by exported articles, since we have no gold mines and not money enough in the country to pay for a quarter of the year's imports; but unless we can sell our goods in the best markets, we cannot procure our imports so well. Foreign protective duties do, to a great extent, prevent us from exchanging our goods on the best terms. The feelings of rival tradesmen still subsist in international relations. We find it difficult to appreciate the community of advantage which commercial nations derive from the prosperity of one another. The fact that in some respects interests are hostile is the more evident; and to restrict the market of a competitor appears a more eligible way of prosperity than to extend one's own. Reciprocity treaties are the natural remedy; but our great difficulty is that we have no particular advantages to offer in exchange.

The Free Trade movement reached its zenith, perhaps in 1860, when Napoleon III., under the influence of his minister Chevalier, concluded a treaty on a reciprocal basis with us. In a too sanguine spirit we extended the concessions to the whole world and divested ourselves of all our weapons in the belief that Free Trade was about to become the universal policy, or in the idea that we would retain for ever the partial monopoly we then enjoyed in manufacture. But wars in Europe and in America brought out antagonistic feelings which led to the tariffs so closely akin to war. Nations regarded themselves not as co-operators, but as contestants; and to do other nations injury by restricting their trade appeared worth while, even at the cost of some inconvenience to themselves. So we have tariffs and retaliation and reciprocity. We may be quite convinced that Free Trade is the best policy; while we may yet doubt whether it is wise for a country to allow its traders to be handicapped in their competition with those of other nations. Some, therefore, advocate tariffs as a means of promoting Free Trade, as a method of negotiating for the mitigation of foreign tariffs. We can hardly expect to obtain concessions unless we have something to offer. The United States, Germany, and France have adopted an extravagantly high protective system; and their action would appear to drive other nations to a certain amount of tariff regulation, if only not to be quite defenceless. One value of a tariff is thus for purposes of negotiation, and this is admitted even by Adam Smith: "It may sometimes be a matter of deliberation how far it is proper to continue the free importation of certain foreign goods, when some foreign nation restrains by high duties or prohibitions the importation of some of our manufactures into their country. There may be good policy in retaliations of this kind when there is a probability that they will procure the repeal of the high duties complained of. The recovery of a great foreign market will generally more than compensate the transitory inconvenience of paying dearer during a short time for some sorts of goods."

There is some, though in practice slight, difference between the advocates of reciprocity and of retaliation. The first is under no delusion as to making the foreigner pay. He knows that the object of Protection is to encourage home industries

The means by which it attains that object is by the manipulation of a fiscal system to raise home prices. If the home prices are not raised, the industry is not encouraged. If the industry is encouraged, it is by the raising of prices. That is, in a nutshell, Protection properly understood. For, of course, if the foreigners paid the duty, the foreign competition would continue as it did before the imposition of the duty, and no Protection would be afforded.

The advocate of reciprocity believes that *universal* Free Trade is the most effective way of using the productive forces of the world, but he does not believe in its *partial* application, in one-sided Free Trade. He wishes for a protective tariff to serve as a means of inducing foreigners by mutual concessions to adopt "true" Free Trade. In Canada, indeed, many seek to disguise their advocacy of commercial union with the United States under the name of "unrestricted reciprocity." But it is Free Trade over the whole of the North American Continent that is contemplated by the parties, and the Reciprocity Treaty proposed between Canada and the United States was an enormous stride in that direction. Already the United States, within their area as large as Europe, have absolute Free Trade, there is complete freedom of interchange between the cotton States of the South, the corn fields of the Middle West, and the manufacturing communities of the East. With Canada included in its commercial system on a Free Trade basis, there would almost inevitably be in the end a political union, just as the Zollverein, the Customs Union, paved the way for the unification of Germany. Those who would prefer to have Canada remain within the British Empire need to create and foster common interests of trade and of defence. Otherwise, though, as we are assured, "the discrimination would not be directed against British commerce, it would be merely a necessity incidental to an arrangement for the benefit of Canada with the United States," the disintegrating influences will be too strong.

Retaliation is advocated by those who believe that Free Trade is good and that restrictions are harmful, but who would restrict themselves in order to inflict injury on other nations. In a spirit of vindictiveness they would spite themselves to punish others, or to force others to amend their ways, but retaliation is only too likely to provoke further retaliation rather than reciprocal concessions.

FALKLAND ISLANDS.—The Falkland Islands, presumed to be a separated part of the South American continent, rise on the margin of the wide continental shelf, east of the Strait of Magellan, between 51° and 53° S Lat, and 480 miles north-east of Cape Horn. They consist of East Falkland (area, 3,000 square miles), West Falkland (2,300 square miles), and upwards of 100 fringing reefs, rocks and islets, the whole comprising an area of 6,500 square miles, with a population estimated at 3,250. The islands were discovered by Davis in 1592, and, after being held by several powers in succession, were finally occupied by the British in 1833 as a refitting and provisioning station for ships engaged in whaling and fishing. Off the Falklands, on 8th December, 1914, Admiral Sir Doveton Sturdee destroyed four of the five German warships which, under Admiral Von Spee, were engaged in depredation in the South Pacific. The inhabitants are almost entirely of European origin and mostly Scotch.

Relief. The coasts are low and very much indented. East Falkland is almost bisected by Choiseul and Graham Sounds, the isthmus being only about two miles wide. The surface is wild, rugged, in parts hilly, or even mountainous, rising in Mount Osborne on East Falkland to 2,245 ft., and to 2,325 ft. in Mount Adam on West Falkland. Quartz rock predominates in the higher parts, and clay slate in the lower, and among the geological puzzles of the islands are the "Rivers of Stone," long narrow tracts covered with huge blocks of quartzite, which in the course of time gradually make their way down hill without the aid of water.

Climate, Vegetation, and Fauna. The climate is equable and healthy. The mean annual temperature is about 42° F., and often lower, with a mean range between 30° F. and 65° F. Rain falls on nearly every day in the year, but the total rainfall is only about 30 in. Pierce gales sweep over the islands, cyclonic control being predominant, and fogs are very prevalent. The interior of the islands consists of stretches of wild, treeless, and wind-swept moorland, which present a very desolate appearance. Peat is abundant and furnishes fuel. Tussock grass, growing in clumps to the height of 6 or 7 ft., forms the characteristic feature of the vegetation, still abundant on the islets, though rapidly disappearing in the larger islands. Several varieties of bernes, moss, and lichens are found, and in the coastal waters are great quantities of kelp. Snipe, teal, and wild duck afford sport in the marshes, and the indigenous fauna includes a species of fox, three varieties of penguin, the kelp-goose, and the molly-mawk. On the coasts the hair-seal, the sea-leopard, the sea-lion, and the sea-elephant are found. Rabbits are few, but sea-fowl and fish abound. Cattle, horses, and sheep have been introduced.

Production and Industries. The very small amount of sunshine, the cold, the high winds, and the prevailing dull, damp weather make agriculture almost impossible, only a few vegetables of poor quality being grown. The chief industry is sheep-farming, which was started on a large scale by the Falkland Islands Company in 1867. All available land has now been taken up by some thirty farmers and companies, and it is estimated that there are 670,000 sheep, yielding 5,000,000 lb of wool annually. The islands are important as a station for refitting and victualling ships on the boisterous passage round Cape Horn.

Communications, Trade, and Trade Centres. Roads are absent, and the principal means of communication is by water, for which the peninsular character of the islands affords great facilities. Trade is almost exclusively with the United Kingdom. The chief exports are wool, tinned mutton, sheep-skins, tallow, and live sheep, and the chief imports are provisions, clothes, timber, and building material, machinery and ironmongery. East and West Falkland are the only permanently inhabited islands. The only town, *Port Stanley* (900), situated on a land-locked harbour, partially sheltered from the violent southerly winds, in the north-east of East Falkland, with facilities for the repairing of ships, is the seat of Government.

Government. The government is vested in a Governor, aided by an Executive Council of four members, and a Legislative Council, the members of both being appointed by the Crown.

Dependencies. The total area of the dependencies of the Falklands is over 3,000,000 square miles.

They include South Georgia (1,000 square miles), the South Shetlands, the South Orkneys, the Sandwich Group, and a part of the Antarctic mainland, known as Graham's Land. The whaling industry carried out from these dependencies, chiefly by Norwegians, is greater than that of the rest of the world combined. For convenience, the whales are dealt with in floating factories.

(For map, see that of SOUTH AMERICA in the article on AMERICA.)

Mails are sent to the Falkland Islands once a month, via Liverpool. Port Stanley is distant about 8,130 miles. The time of transit is about twenty-five days. Telegrams by cable and wireless telegraphy may be dispatched to Monte Video (Uruguay) and then forwarded by post.

FALSE IMPRISONMENT.—This tort (*q v*) consists in confining or detaining a person without lawful authority. It is not necessary that the detention should be in a house or other building, it is sufficient if a person is hindered or prevented from exercising his rights of freedom in any way whatever. Again, it is false imprisonment for any person to give another into the custody of a police constable upon a wrongful charge, and in certain cases, when the alleged offence is a misdemeanour and not a felony, a private individual has no right, generally speaking, to give an offender into custody at all. (See ARREST, RIGHT OF.) In an action for false imprisonment, the plaintiff must prove his arrest and his discharge, and in order that the defendant may obtain a verdict in his favour, he (the defendant) must satisfy the court that he had reasonable and probable cause for believing that the plaintiff had committed a felony. In the article above mentioned it will be seen that a police constable is not in so difficult a position, as an officer on duty has the right to arrest on suspicion. Unless the case is very clear, a private person should be very careful in acting upon his own responsibility, for although a jury may give practically no damages in the action, when all the circumstances of the case are taken into consideration, there is always the risk of expense and annoyance attached to an action of this kind, which is often of a speculative character. (See MALICIOUS PROSECUTION.)

FALSE PRETENCES.—This is a misdemeanour (*q v*) very frequently met with, but one which is rather of a technical character and requires careful consideration, owing to the fact that a mistake in prosecuting a person for the alleged offence may result in an action for malicious prosecution (*q v*), and although in such an action the defendant may either be successful or escape with nominal damages, the expense and trouble caused by such a proceeding are not to be taken lightly in hand.

Roughly speaking, whoever by any false pretence obtains from any person any chattel, money, or valuable security with intent to defraud, is guilty of an indictable misdemeanour, or with which justices of the peace, or a stipendiary magistrate (if it is thought fit and the defendant consents to such a course) may deal under certain conditions. The chief things taken into consideration are the value of the property obtained or the age of the accused person. It is not sufficient to prove the obtaining of the property, but it must be clearly shown also that its transfer was the actual result of the fraudulent representation of an existing fact. To use the words of a well-known authority: "To constitute the crime in question (a) there must be an intentional and

specific representation of some pretended *existing fact* (not a mere promise or representation as to the future, unless based upon or involving some existing fact) which the maker knows to be untrue, but the pretence need not be made in words—'acts conduct, or silence' may be enough, (b) the representation must be material to the matter in hand and not too remote, (c) it must be made with intent to defraud, and (d) the person to whom it is addressed must in point of fact believe it, and make over property on the strength of it. The opinion formed by the person defrauded as to the truth or otherwise of the statement made to him by the prisoner is, therefore, admissible as evidence of his belief in the truth of the false pretence. These must, of course, be evidence that the accused acted *fraudulently*, as, e.g., if a man sells a brass ring as a gold ring, there must be evidence that he knew the ring was *not* a gold ring. The pretence need not be made *directly* to the person from whom the money, etc., is obtained. Thus, in one case, an officer of a friendly society made to the *secretary* a return of members entitled to sick pay, and wrongfully included the name of a man who was not so entitled. The same officer afterwards received, through the *treasurer*, the amount shown by the return, and retained it in discharge of a debt due to him from the man whose name he had fraudulently included in the return. A conviction for making a false pretence to the *treasurer* was upheld."

When a person is of opinion that he is being defrauded in this manner, he cannot order the summary arrest of the suspected person. He must lay an information at the proper police court, when either a summons or a warrant will be issued, if there is a *prima facie* case made out to the satisfaction of the justices or the stipendiary magistrate.

An attempt to obtain by false pretences is also a punishable misdemeanour.

FALSIFICATION OF ACCOUNTS.—(See ACCOUNTS, FALSIFICATION OF.)

FALSIFYING NEWS.—The spreading of false news for the purpose of raising or depressing the prices of goods, wares, or merchandise is an indictable misdemeanour, and when this is done by two or more persons it forms what is known as a conspiracy, for which either criminal or civil proceedings may be taken. Although the words "goods, wares, or merchandise" do not, so far as the Sale of Goods Act, 1893, is concerned, include stocks and shares, they do include them as far as this offence is concerned.

FAN.—An implement used for creating a current of air. The article originated in China, where fan-making is still an important industry. Japan, which introduced the folding variety, also does a large trade in fans. The stick of ornamental fans may be of bone, mother-of-pearl, wood, tortoise-shell, or ivory; and costly materials of all sorts are employed for the upper part. These include feathers, silk, lace, delicate hand-painted fabrics, etc. The manufacture of the most dainty specimens is practically confined to Paris, which has long been noted for her achievements in this direction. The large electric fans used for ventilation and in various mechanical operations consist of metal blades of the propeller type, and the air is circulated by continuous rotation. These fans are used for ventilating mines, and in obtaining a forced draught in boiler and other types of furnaces. The drying

of timber, grain, and textile material, and dust and steam removed in woodworking, textile, and other trades, is effected by the use of electric fans. In India a huge fan, known as a "punkah," is used for ventilating purposes. It is made of cloth, stretched on a light framework suspended from the ceiling, and is usually manipulated by means of a cord.

FARINA.—A term of wide application, including a variety of starchy substances. Fainaceous foods are prepared mainly from cereals, such as wheat, rice, maize, etc., but they also include tubers like arrowroot, potatoes, and tapioca, and leguminous substances, such as peas, beans, etc. As a commercial term, "farina" stands for potato starch, which is extensively used for making British gum and sizing for fabrics, etc. In South America the meat of the cassava is known as farina.

FARRIERS.—Farrier, in its older sense, meant one who held himself out to the public as skilled in the treatment of the ailments of horses and as a shoer of horses. The two things are often combined, but there is a clear distinction now between the horse doctor or veterinary surgeon and the farrier who undertakes the shoeing of horses. Often this is the blacksmith, who undertakes no other treatment of horses than shoeing them, but at the same time carries on many other kinds of work which have nothing to do with this. The subject of the veterinary surgeon is treated in a separate article. Here we consider the rights and responsibility of those who undertake to shoe horses for others for reward, which is the modern meaning of farriery. The verb "to farry," which is now very unusual, was used rather to mean the treatment by physic or surgery than the shoeing of horses; and in two Acts of Parliament of 1839 and 1847 it occurs in the phrase "to shoe, bleed, or farry any horse or animal."

A person who publicly professes the art or occupation of a farrier is classed amongst such persons as innkeepers, carriers, and ferry-men, who must exercise their calling for the benefit of the public, and cannot refuse or neglect to do so unless they have some reasonable excuse which is recognised by the law. The mere fact that a horse is sent to a farrier to be shod makes the farrier liable to be sued if he does not shoe it, if it is within his power to do so; just as if he had entered into a contract and had failed to perform it. He would have a good defence if he showed that he was called upon to do the work when he had not time to do it or at an unreasonable hour. This would be analogous to the case of an innkeeper who refuses guests if his house is full, though he is *prima facie* under a duty to receive all guests.

Most of the cases are very old in which points as to the farrier's rights and responsibilities have been raised or settled. Thus, for the law that a farrier is bound to shoe a horse only if it is brought to him at a reasonable time, or that a farrier who lames a horse in shoeing, is liable to the owner, the authorities quoted go back to the times of Edward III or Henry VI. In the latter instance it is treated only as an example of the general rule that it is the duty of every artificer to exercise his art rightly and truly as he ought; and as a master in general is responsible for his servants' acts, so the farrier is responsible if a horse is injured in shoeing by his servants' negligence. But he is not responsible for any malicious injury a servant may do, for instance, if he intentionally drives a nail into the

horse's foot. The master guarantees that he himself possesses a reasonable skill, and will exercise it; and the same for his servant. The undertaking is, then, to be reasonably skilful and not negligent, but insurance that no injury shall happen in the shoeing is not an implied term of the contract. A horse may be pricked in shoeing without either unskilfulness or negligence on the part of the operator. The state of the foot may be the reason, and must be taken into account. If there were some special condition of the horse's foot, the farrier ought to be told, so that he may either take particular precautions, or decline to undertake the work. He would not be liable, not being informed as to the facts, if he only acted in the ordinary way. Being told, he may either decline the job or undertake it on special terms, or on the understanding that he will not be responsible for the consequences. And in any case where the farrier himself perceives any special risk in doing the work, he may decline to do it, or do it only on conditions protecting him. Thus as regards the question of reasonable time, Chief Baron Pollock, in a case tried over seventy years ago, said: "It appears to me in point of law that if a person, called upon at an unreasonable time, undertakes to do it without declaring he will not be responsible, he does it with the same responsibility as if he did it at any proper time."

In a case of the time of Edward IV, it was said that if one farrier sends a horse to another who shoes it and pricks it, the owner might sue either of them at his option.

Horses sent to a farrier to be shod cannot be distrained for rent, and it hardly needs any authority for the proposition that horses sent to farmers are not within their order and disposition in the meaning of the bankruptcy law. The trade custom and its notoriety as excluding the reputed ownership of farmers are inevitable inferences.

The farrier may detain a horse that he has shod as a lien for his charges for shoeing until the amount has been paid or tendered. But the horse cannot be detained for past charges for work done by the farrier—only for the work done on the particular occasion on the animal itself. If the farrier exercises this right of lien, he is bound to feed it and take care of it, without being able to recover the expense; so that in these days the right of lien is not as useful as it used to be in earlier times, when it was not so easy to sue for small sums due for work done.

It is an interesting reminder of the primitive conditions even in towns before the Local Government Acts began to lay down rules for their convenience and sanitation, that by the Metropolitan Police Act, 1839 (2 and 3 Vict. c. 47) every person who in any thoroughfare or public place shoes, bleeds, or farrys any horse or animal, or cleans, dresses, exercises, or breaks any horse or animal to the annoyance of the inhabitants or passengers, is made liable to a fine not exceeding 40s. There is a similar provision in the Town Police Clauses Act, 1847 (10 and 11 Vict. c. 87), so that this is the law in any place that has adopted this Act.

FARTHING.—This word is derived from the Anglo-Saxon *fearthing*, meaning a fourth part. It is the fourth part of a penny. At one time the penny was divided into quarters by two deep cuts, so that a fourth could be easily broken away. In accounts, farthings are indicated by fractions of a penny. In banking accounts, farthings do not occur, as fractions of a penny are not recognised. Farthings were first coined in 1672. The standard

weight of the coin is 43.75 grains troy. The coin is made of a mixed metal, composed of copper, tin, and zinc. (See COINAGE.)

F.A.S. ARRANGEMENT.—An agreement between railway companies and dock boards by which traffic hauled alongside ship in railway companies' original trucks is, so far as the trader is concerned, exempted from dock charges, *se.*, by payment of an inclusive rail rate the traffic is rendered "*fas*." The conditions differ at various ports, and must be ascertained locally. For example, with minor exceptions, all traffic sent from the north and the midlands to the railway connected docks in London, charged at base rates exceeding 10s per ton, becomes automatically "*fas*." In the case of Liverpool, the arrangement applies to lots of 10 tons and over, sent from certain inland points from which there is canal competition.

FATAL ACCIDENTS ACT, 1846.—(See WORKMEN'S COMPENSATION.)

FATHOM.—This is the measure of length principally employed in ascertaining the depth of water and mines, and for regulating the length of cordage and cables. It is said to be derived from the Anglo-Saxon *fæthm*, a word which signified the length of the outstretched arms, about 6 ft.

FAVOUR.—This is a name which has now become commonly used in commercial correspondence to indicate a letter received.

FEATHERS.—The feathers most favoured for purposes of ornamentation are those of the ostrich and the bird of paradise, but as these are expensive, many other varieties are in common use, including those of the albatross and the penguin. Feathers are often dyed, chemically treated, or stripped, to obtain certain effects and in some cases to disguise their origin. Feathers are also in great demand for cushions, pillows, etc. The eider-duck provides the best quality for this purpose, but the feathers of swans, geese, ducks, and fowls are also much used. The importation of feathers into Great Britain is now greatly restricted by the passing of the Plumage Act of 1921, and the trade, therefore, has been seriously affected. Except in the case of the African ostrich, eider-duck, live birds or those used as food, no plumage may be imported.

FEDERATION OF BRITISH INDUSTRIES.—This was established some years ago, to give a means of association to industry, whether individual firms or trade associations—"a broad platform whereon to express its voice in the councils of the country."

The operations of the Federation are wide and varied. First and foremost, it seeks to safeguard and advance the interests of British industry as a whole. Organised on a democratic basis, it is able to speak to Governments in the name of all trades of the country, and to secure a hearing for the legitimate claims of any one of them. Nor is the service which the Federation offers to its members confined to large-scale efforts of this kind. There are many ways in which it is able to assist the individual member, *eg.*, in getting information from Government Departments, public institutions, and the like.

FEE.—There are two senses in which this word is used: (1) To denote a grant of land made in return for ancient feudal services; and (2) to signify a recompense in return for services rendered or to be rendered.

FEE SIMPLE.—Where a person is the absolute owner of an estate, as far as the law of England

will allow, he is said to hold it in "fee simple," and he can practically do what he likes with it. A conveyance of a freehold in fee simple formerly contained such words as "To hold unto and to the use of the purchaser (naming him) in fee simple," but any form of words showing intent to pass the fee simple is sufficient. Legally all land is held directly or indirectly from the King, but practically that does not affect the absolute ownership in a fee simple.

The greatest interest which can be had in land is the fee simple, other interests, such as a lease, being estates less than the fee simple. The holder of a fee simple can create other estates out of it, but so long as he does not dispose of the fee simple, it remains vested in him. In the case of a lease, no matter for how long a period, the fee simple remains in the person who grants the lease, though the person who holds the lease or the assignment thereof has the legal estate in the land for the period for which it is leased or assigned. At the expiration of a lease the land reverts to the grantor, or the person entitled to the fee simple.

Under the Law of Property Act, 1925, the only legal estates in land now recognised are the fee simple and leases for a term of years.

FEES PAYABLE ON REGISTRATION OF COMPANIES.—(See REGISTRATION OF COMPANY.)

FEE TAIL.—This is the name given to an estate which is granted to a person and the heirs of his body. The estate is generally described as an entailed estate (*qv.*) and does not descend, however, to heirs generally, but is limited to the heirs of the body, and if there is a special entail, the land must descend in the direction indicated. Thus there may be either a special tail male or a special tail female.

Entailed estates are recognized in equity but are no longer legal estates since January, 1926. The idea of entail has been extended to certain classes of personal property.

FELONY.—Crimes are divided into two main classes, felonies and misdemeanours (*qv.*). It is the popular opinion that the former include all the more serious offences known to the law, and the latter those which are not so heinous. Practically, this is generally true, but the distinction between the two is a matter of history. Until the year 1870, a person convicted of felony was deprived of his property. This is a relic of the old feudal law, and the word "felony" is said to be derived from the two old words "*fee*" and "*lon*," the former signifying a fief or feud, and the other price or value. The chief offences known to the law in ancient times were felonies, but in modern times various statutes have introduced new offences, and it is by statute that a felony or a misdemeanour is now constituted. If in a statute it is declared that an offender against the provisions contained in it is to be deemed to have acted "*feloniously*," the offence is a felony; if not, it is a misdemeanour. To show how erroneous is the view that the seriousness of the offence constitutes the basis upon which the distinction is made, it is necessary to give only one example. Thus, perjury is a misdemeanour, whereas simple larceny is a felony. It will be seen, therefore, that it is necessary to look to the various statutes dealing with offences before coming to a conclusion as to the class in which each is to be placed.

Forfeiture of goods in cases of felony was put an end to in the year 1870.

There are various incidents still attaching to the

two kinds of crimes which are worthy of notice. Thus, there exists a right of arrest without a warrant in certain cases of supposed felony, but not in the majority of cases of supposed misdemeanour. But the right of arrest on the part of a private person is strictly circumscribed, whereas a police-constable has a much wider authority (See ARREST, RIGHT OF). Felonies can only be tried upon indictment or inquisition (*qv*), misdemeanours may also be tried upon information (*qv*). The prisoner who is charged with felony has a right to challenge the jury peremptorily; no such right exists in the case of a misdemeanour. The method of swearing the common jury differs in the two cases. (See JURY.) Again, in a trial for a felony the prisoner must be present throughout the trial, in a trial for a misdemeanour this is not essential. Greater leniency is extended as to bail in cases of misdemeanour than in cases of felony.

Lastly, a felony must, generally speaking, be prosecuted before a civil action can be entertained, the prosecution of a misdemeanour is not of necessity a preliminary required before entering a civil action.

There may be accessories both before and after the fact to felonies. (See ACCESSORIES.)

FELSPAR.—(See ALUMINA.)

FELT.—A fabric prepared usually from woollen materials without either spinning or weaving. The wool from which the felt is to be obtained must be strong and elastic, and its fibres must have a natural tendency to combine with each other, that is, they must possess numerous serrations ready to interlock. All kinds of carding waste, short fibred wool and combings, as well as higher grade fibres are used. The method of preparation is as follows. The waste woollen material is moistened by steam and passed between heavy rollers by which means a compact cloth is obtained. Felt is used for a variety of purposes. Among the articles made of it are carpets, covers, gun-wads, pianoforte hammers, and felt hats, for the manufacture of which Australian wool is in great demand, though fabrics of silk and fur are also used. The centre of the industry is at Rossendale, in Lancashire, and the headquarters of the hat-making industry are at Denton and Stockport. Coarse felt saturated with pitch, coal tar, or asphalt, is employed for covering roofs, vessels, and iron buildings. The manufacture of this variety is a widespread industry both of Europe and of the United States. Another sort of coarse felt is used by the peasants of Russia for boots, shoes, and winter garments, as it resists the intense cold better than any other material.

FEME SOLE.—This is an old French phrase, and means an unmarried woman, whether a spinster or a widow. It was naturally imported into England after the Norman conquest, and it still maintains its place in English legal works and in Acts of Parliament when the position of a female is considered as apart from her status as a married woman.

FENDERS.—Lengths of spars, or jute balls, which are hung over a vessel's side to prevent chafing against a wharf or lock gates.

FENNEL.—An umbelliferous plant, a native of Europe, but now widespread also throughout Asia. It possesses an agreeable flavour and odour, and has many uses. The seeds are used as a condiment, especially by Italians. They also contain an essential oil of medicinal value as a narcotic and stimulant. The leaves are served as a salad, and are used in making sauces for fish, and the stems are sometimes boiled as a vegetable.

FENUGREEK.—A genus of plants of the same class as the clover. The name is due to the fact that it was used by the Greeks (as fodder). In India the seeds are employed as a condiment, and curry powder is made from them. Certain ornaments are also prepared from the oil yielded by them.

FEOFFEE.—(See FEOFFMENT.)

FEOFFMENT.—(Pronounced "feif'-ment.") This is the name given to an ancient method of conveyance of property. Feoffment was accompanied by actually handing over the possession of the land, as by the delivery of a piece of turf, or by the grantor vacating the land and the grantee taking possession. This delivery of possession was called "livery of seisin." The person delivering it was called the feoffor and the person receiving it the feoffee.

FEOFFOR.—(See FEOFFMENT.)

FERRY.—"The exclusive right to carry persons and their goods in boats across a river, and to take toll for such carriage." This right is a franchise, and may be created by Act of Parliament, by royal grant, or by prescription. A ferry, when created, becomes a species of highway, and, though a person may be the owner without being owner of the water, or of the soil on either side of the river, the owner of the ferry must have over the soil such rights at least as will authorise him to embark and disembark his passengers thereon. Proprietorship of a ferry involves obligations to the public, and confers corresponding privileges. The owner must maintain the ferry in good order, and properly equipped for conveyance of passengers and goods, and charge only reasonable tolls for its use. Default in the performance of any of these duties renders him liable to indictment; and, if he undertakes the carriage of goods, he becomes a common carrier, and is liable to keep them safe in all events. In return for these liabilities he has the exclusive right to carry passengers and goods between the points served by his boat, and can sue for disturbance any person infringing his monopoly. If he commences such an action, it is sufficient for him to show that he is in possession of the ferry, without going into his title, and a jury have been held entitled to presume a legal origin from an undisturbed user of thirty-five years. If the circumstances of the neighbourhood change so that additional accommodation is needed, other means of passage may be established in the neighbourhood, without risk of an action for disturbance. As it has been judicially put: "It may be that no action can be maintained in respect of the new ferry, if it has been set up *bona fide* for the purpose of accommodating a new and different traffic from that which was accommodated by the old 'ferry'." It has also been held that a ferry is not the grant of an exclusive right of carrying passengers and goods across a stream by any means whatever, but only by a ferry, and accordingly to construct a bridge across a river already served by a ferry has been held not to be a violation of the rights of the ferry owner. Having regard to the nature of a ferry, its incidents may be regulated by such customs as admit of a reasonable origin, e.g., a custom for all the inhabitants of a town to have a right of passage over a ferry without paying toll has been held to be good, for it admits of a reasonable origin. Lastly, though the owner of a ferry is to a certain extent in a public position, he is under an ordinary duty to take care as regards third parties, and, therefore, when a steam ferryboat did damage to other vessels

while playing in a thick fog, he was held liable, the plea of public convenience not availing as a defence.

FERTILISERS. Various substances of animal, plant, mineral, or artificial origin, used to supply the soil with the mineral salts, etc., needed for the life of the plant. Natural fertilisers consist of farm-yard manure and guano of different kinds. Peruvian guano, the dried excrement of fish-eating birds, found in large deposits in many islands along the South American coast, is very rich in nitrogen and phosphates, but the supply is now very limited. Fish offal is dried and ground to form fish guano, and a large trade is carried on in its manufacture on the East coast of Great Britain, and on the Pacific coast of North America. Many waste products such as oil cake from rape and castor oil seeds, wool and leather waste, dried blood and crushed bones are used as fertilisers. The phosphates of lime and coprolites found in large deposits in various parts of the world are valuable mineral manures, and sulphate of ammonia, a by-product of gas manufacture, is an example of an artificial fertiliser. As the content of a fertiliser may vary considerably it is necessary to standardise the materials, and add to the lower grade sulphate of ammonia. The Fertilisers Act of 1906 enforces the giving of a guarantee of analysis and a statement of the percentages on sale.

FERTILISERS AND FEEDING STUFFS.—The first Fertilisers and Feeding Stuffs Act was passed in 1895, but it was repealed and replaced by the Act of 1906 (6 Edw VII c 27), which contains the present law as to the adulteration of agricultural fertilisers and feeding stuffs. It is intended to protect the purchaser from fraud in the interests of agriculture, and so far it modifies the common law rule that the buyer must look after himself—*caveat emptor*.

Definition. A fertiliser is any article used for fertilising the soil. Feeding stuff means any article used as food for cattle and poultry, and cattle for the purposes of this Act means bulls, cows, oxen, heifers, calves, sheep, goats, swine, or horses. (See article CATTLE.)

Civil Liability. 1 Any wholesale or retail seller who sells a fertiliser which has been subjected to any artificial process in this country, or which has been imported from abroad, must give to the purchaser an invoice stating the respective percentages of nitrogen, soluble phosphates, insoluble phosphates and potash in the article. This invoice acts as a warranty that the percentages do not differ beyond the prescribed limits of error allowed by regulations under the Act that has been made by the Minister of Agriculture.

2 A wholesale or retail seller of feeding stuffs artificially prepared must give an invoice stating: (a) The name of the article and whether it has been prepared from one substance or seed, or from more than one substance or seed, (b) in the case of any article artificially prepared otherwise than by being mixed, broken, ground, or chopped, what are the respective percentages of oil and albuminoids in the article. The invoice is a warranty as in the case of fertilisers. When the article is sold under a name or description implying that it is prepared from any particular substance or from any two or more particular substances, and without indication that it is mixed or compounded with any other substance or seed, there is an implied warranty that it is pure, that is to say, is prepared from that substance or those substances only, or is a product of that seed

or those seeds only. There is a general implied warranty by the seller that the article sold is suitable to be used as a feeding stuff. Any statement by the seller as to the percentages of ingredients in a fertiliser or of the ingredients in a feeding stuff in an invoice or circular or advertisement has effect as a warranty. When two or more ingredients of a fertiliser or feeding stuff are mixed at the request of the purchaser, it is sufficient to state in the invoice the percentages of the several ingredients before mixture, and that they have been mixed at the request of the purchaser.

Offences and Penalties. Sale of a fertiliser or food stuff without giving or refusing the invoice required by the Act; any false statement of a material particular in the invoice or description, sale of a feeding stuff containing any ingredient deleterious to cattle or poultry, or any worthless ingredient not disclosed at the time of sale, all these entail maximum penalties of £20 for the first offence and £50 for any subsequent offence. The seller also remains liable for the civil damages, the Act makes him responsible for his warranty. But the seller is not liable to the penalty for a false statement, in the invoice or particulars, if he proves that he did not know and could not with reasonable care have ascertained that it was false, or if he shows that he himself purchased the article with a written warranty or invoice from a person in the United Kingdom which contained the false statement, that he had no reason to believe when he sold the article that the statement was false, and that he sold the article as he purchased it.

Analyses. There is a chief Agricultural Analyst appointed by the Ministry of Agriculture, and every county council must, and the council of boroughs may, appoint an official agricultural analyst and sampler.

Every purchaser of a fertiliser or feeding stuff is entitled to have it analysed by the agricultural analyst, but he must take samples within ten days after delivery of the article or receipt of the invoice, whichever is later. An official sampler, either at the request of the purchaser or independently, may take samples of such articles sold, exposed, or kept for sale, in order that they may be analysed by the agricultural analyst. The manner in which samples must be taken, and the duties of the agricultural analyst in making the analysis and certifying the result, are prescribed by the regulations made by the Ministry.

The certificate of the agricultural analyst or chief analyst is sufficient evidence of the facts stated in it in either civil or criminal proceedings, if the samples have been taken in the prescribed form, unless the defendant requires the analyst to be called; but no prosecution can be instituted except with the consent of the Ministry, and the Ministry cannot give consent unless an analysis is made as prescribed and the chief analyst has given a certificate of it. The purchaser is entitled, apart from bringing civil or criminal proceedings, to have an article analysed by the agricultural analyst, samples of which have been taken otherwise than in accordance with the regulations.

Prosecutions may be brought by the aggrieved purchaser, or by a county or borough council, or by any body or association authorised by the Ministry to bring them. The offence of causing or permitting an invoice or description to be false cannot be prosecuted after three months from the date when the purchaser received the invoice.

There is an appeal from all summary convictions to the quarter sessions.

FEU.—This word signifies land held under feudal tenure. (See **FEU CONTRACT**.)

FEU CONTRACT.—In Scotland, a contract between a superior and his vassal respecting the giving of land in feu; feu being a tenure where the vassal holds land from the superior, and, instead of performing military service, makes an annual return in grain or money.

F.G.A. CLAUSE.—(See **FOREIGN GENERAL AVERAGE CLAUSE**.)

FIAT.—This word is commonly used to denote a formal order. Thus, certain prosecutions or other legal proceedings are not allowed to be taken, except the fiat of one of the law officers of the Crown is first obtained. The word is Latin, and its exact meaning is "let it be done."

FIBRES.—Thread-like substances derived from the animal, vegetable, and mineral kingdoms. Silk, wool, and hair represent the first class; cotton, flax, jute, hemp, esparto and other grasses, cor, and the leaves of certain palms are the chief vegetable fibres; and amantthus and asbestos are among the most important fibrous substances of the third class. The various articles mentioned are dealt with under separate headings.

FICTITIOUS BILL.—This is a name which is sometimes given to an accommodation bill (*q.v.*).

FICTITIOUS PAYEE.—Where the payee of a bill of exchange or a cheque is a fictitious or a non-existing person, *e.g.*, a person who is dead, the bill or the cheque may be treated as one payable to bearer, that is, it can be negotiated without indorsement. In the case of *Bank of England v Vaghano*, 1891, A.C. 107, the leading case upon the subject, the meaning of a "fictitious" person was extended so as to include a real person who never had nor was intended to have any right to the bills of exchange which were there in dispute. Lord Herschell said in the course of his judgment: "I have arrived at the conclusion that whenever the name inserted as that of the payee is so inserted by way of pretence merely, without any intention that payment shall only be made in conformity therewith, the payee is a fictitious person within the meaning of the statute, whether the name be that of an existing person or of one who has no existence."

This decision has not been always looked upon as altogether satisfactory from a business point of view but, as it is a decision of the House of Lords, it must stand as an authoritative statement of the law until it is altered by legislation. The doctrine has been also applied to cheques; but some of the decisions are very conflicting, and the particular facts of each case have much to do with the judgments pronounced.

A cheque made payable to "wages" or "estate," or some similar word, is payable to an impersonal payee, and should be treated as being payable to the order of the drawer and requiring his indorsement, and not as payable to a fictitious person. An impersonal payee is not the same as a fictitious person. This is said to be consonant with practice, although there are authorities who maintain that such bills and cheques are equivalent to those to bearer. (See **PAYEE**.)

FIDELITY GUARANTEE INSURANCE.—This is probably the oldest section of accident insurance business. For many years it was transacted by offices formed specially to undertake this class of

business, but most of these companies now either have been absorbed by the big composite offices or have extended the range of their operations and become composite offices themselves, and very few purely fidelity guarantee offices are left.

The practice of requiring persons holding positions of trust to furnish a guarantee is of very old standing, and in many cases the law requires that persons holding certain appointments shall furnish security.

The security was usually furnished by two private bondsmen, and it was because positions of trust had often to be forfeited through the inability to provide the security, and the growing disinclination to saddle friends with the responsibility, that these guarantee offices were founded. In 1840 an Act of Parliament was passed making it lawful for the Commissioners of H M Treasury to accept the bonds of a company in lieu of the personal sureties hitherto in vogue.

The law of suretyship forms an important branch of the common law, and as showing the antiquity of suretyship, several interesting references to the subject are to be found in the Bible.

The advantages to an employer of a guarantee policy over the bond of private sureties are considerable. In the first place the necessity of the delicate inquiries which have to be made as to the financial position of the bondsmen is obviated. The employer holds a policy from a well-known company whose financial position can readily be ascertained from its published accounts, and when a claim arises he is assured of a prompt and liberal settlement of his claim, whereas in the case of a private surety he might find when a claim arises that the financial position of the surety had changed for the worse and that his chance of recovery had been considerably reduced.

Further, it is the practice of all companies to investigate thoroughly the character and business antecedents of all those who submit proposals, and to satisfy themselves that the system of accounts and check is efficient, the employer has, therefore, the satisfaction of knowing that his employee is an honest and reliable person and that his system of accountancy is a sound one, for the offices, with their wide experience, can often suggest improvements and safeguards.

The law of suretyship and guarantee is, as has been previously observed, a part of our common law, and contracts of fidelity guarantee come within its provisions, but the modern practice is to draw these contracts in the form of policies of insurance, and the law applicable to insurance contracts also applies to them.

A guarantee has been defined as an engagement to be collaterally answerable for the debt, default, or miscarriage of another person, and by the Statute of Frauds (29 Car 2, chap 3), such contracts are not enforceable unless evidenced in writing signed by the party to be charged. It is provided, however, by the Mercantile Law Amendment Act, 1856, that the consideration need not be stated therein.

In this connection it is well to note that there is a difference between an indemnity and a guarantee, the former of which need not be in writing.

The liability of the surety is to be answerable for the debt, default, or miscarriage of the person guaranteed as defined in the contracts, and the rights of the surety are—

(1) He is a favoured debtor and stands in place of the principal debtor when he has paid the claim.

(2) He is entitled to recover from the principal debtor

(3) He is entitled to be placed in the position of the principal creditor as regards judgments, securities, and other rights, and this extends to Crown rights

(4) He is entitled to contribution from co-sureties.

The surety is discharged by—

(a) Anything that puts an end to contracts in general

(b) Alteration in the terms upon which the principal debtor is engaged

(c) A new security being furnished

(d) Negligence of creditor

(e) Absolute discharge of the principal

(f) Death

The ordinary fidelity policy is, however, usually limited to the risk of dishonesty, and is, therefore, not so wide in its range as the form of guarantee here contemplated. It has been held to be a contract *uberrimae fidei* (of the utmost good faith), that is to say, one where a full disclosure of all material facts is essential

Fidelity guarantee business as transacted by insurance offices, is usually divided into three classes—

(1) Commercial Bonds

(2) Government and Local Government Bonds

(3) Legal or Court Bonds

Commercial Bonds. The word "bond" is now very commonly used, and a man is often spoken of as being "bonded." This is not, strictly speaking, correct. The document is really a policy, and as it is not usually under seal but is executed only under hand, it cannot be a bond in the legal meaning of the term

There are three classes of commercial fidelity guarantee policies—

(1) Individual guarantees which cover a single employee

(2) Collective or schedule policies which cover a number of specified employees up to an amount stated against each

(3) Floating policies which cover a number of specified employees up to a certain amount, which is the same for each individual

The cover afforded by a fidelity guarantee policy was, in the past, limited to loss which the employer sustained through the misappropriation, embezzlement, or larceny of the person employed

There was considerable variation in the particular words used, but nowadays policies are drawn to cover loss the employer shall sustain through any acts of fraud or dishonesty committed by the employed during his uninterrupted service in the capacity specified in the policy and within eighteen calendar months next preceding the receipt of notice of such loss as therein provided

As many policies limited to misappropriation, embezzlement, or larceny, are still current and, in fact, are still issued by some companies, it is necessary to note the meaning of these terms

Embezzlement is the offence committed by a clerk or servant or person employed in the capacity of a clerk or servant, who fraudulently appropriates any goods or money delivered to or received by him for or in the name of or on account of his master or employer (Larceny Act, 1861.) It is a felony.

Larceny is the offence committed by anyone when he, without the consent of the owner, fraudulently and without a claim of right made in good

faith, takes and carries away anything capable of being stolen with intent, at the time of such taking, permanently to deprive the owner thereof

Misappropriation is defined by the Larceny Act, 1901, as follows: "Whoever being entrusted, either solely or jointly with any other person, with any property fraudulently converts such property, or any part thereof, or the proceeds, to his own use or the use of any other person, shall be guilty of a misdemeanour"

It follows from this that only employees can be guilty of embezzlement, hence the former practice of the companies to insist that agents should be paid at least a nominal salary to make them servants, and, broadly, the distinction is that embezzlement covers the theft of money or chattels he received on behalf of the master before it actually comes into the master's possession, and larceny covers the theft of money or chattels in the possession of the master

The present wording, "loss by fraud or dishonesty," was an attempt to obviate the use of legal terms, but the result has been to give a much wider cover, as fraud or dishonesty would embrace any form of dishonest dealing on the part of the employee and would include consequential loss as, for instance, that caused through alleged breach of confidence about matters affecting the employers' business or divulging of trade secrets

It is for this reason that the cover is sometimes expressed as "such moneys and the value of such chattels (if any) not exceeding in the aggregate the sum of £[—] as the person employed shall convert to his own use by any act of fraud or dishonesty"

The cover is limited to theft committed within the eighteen months next preceding the receipt of notice of claim. The idea being that with an adequate system of check any default should come to light well within that time. Experience has shown that this period is usually ample to cover the loss occasioned, as defaulters generally proceed by paying back the old items with the money received from fresh thefts, and so go on until the accumulated amount is too big to be hidden, and the fraud is discovered

The policy conditions present no special point of interest except that the insured (the employer) is bound to give notice not only of claim but also of acts of fraud or dishonesty, or of reasonable cause for suspicion thereof within ten days of their coming to his knowledge, and the company is under no liability for any subsequent acts of the employee

If necessary, the claim must be verified by statutory declaration, and the company is not prepared to take any further risk in respect of any employee for whom they have paid a claim

The schedule and floating policies afford the same cover with the necessary modifications to make them apply to more than one individual. In the case of a floating policy the amount insured is reduced by the claims paid, but the sum insured can be reinstated on payment of a proportionate additional premium

The person guaranteed is required to fill up a form of proposal. This form asks for information on the following points—

(1) His name, address, and age

(2) Short particulars of his property (including furniture and life policies)

(3) Particulars of his debts and liabilities and the number of persons dependent upon him for support

(4) Particulars of the bond required, the position to be occupied and emoluments

(5) Whether he has ever applied for a guarantee to another company

(6) Full particulars of his employment during the previous five years

(7) The names and addresses of three private householders as references

(This last requirement is waived by some companies)

In the case of schedule and floating policies, the employer is asked to fill up a proposal form giving particulars of the employees to be guaranteed, and the individual forms are not usually asked for from those employees who have been in the service for five years or more

The company makes careful inquiries as to the character and previous business record of the person to be guaranteed. An inquiry form is sent to each of the previous employers, records are searched, and other investigations are made. Speaking broadly, only men whose characters are above reproach can pass the test

In addition to this proposal form the employer is asked to complete a form giving full particulars as to the duties of the person to be guaranteed, his remuneration, and the system of accounts and check, and it is this form which forms the basis of the contract between the employer and the company. In other words, this form is in reality the proposal form, and is sometimes called the employer's proposal form.

The policies cover loss of stock entrusted to the person guaranteed—in the case of the older form of policy it was necessary to indorse the policy to this effect, but the latest form, *1 s.*, where the cover is fraud or dishonesty, includes this without any such indorsement. The prime cost of the stock only is covered

The policy is subject to a stamp duty of 6d if executed under hand, which is now the usual practice.

Claims are, unfortunately, frequent, and are generally settled directly between the insured and the company, the services of claim adjusters being seldom utilised. There is in the modern form of policy no prosecution clause, which was a clause giving the company the right to call upon the employer to prosecute the defaulter. This clause had one great use, for where there was a question as to whether the money had been stolen it could easily be decided by taking criminal proceedings

Nowadays, however, the companies do not interest themselves in prosecutions in any way, though in suitable cases they may attempt to recover from the defaulter in the civil courts

The rates of premium vary according to the position held, the amount of guarantee, the remuneration, and the system of check, and range from 4s per cent. for clerks to 20s per cent. for commercial travellers.

Government and Local Government Bonds.—Nearly every local government official is obliged by statute to furnish security for the due performance of his duties. The procedure in these cases is very similar to that in the case of commercial guarantees, save that as most of these appointments are made as the result of public competition the companies are able to modify the inquiries

The form of bond to be given is often prescribed by the particular Act of Parliament under which the official is appointed, and is generally in the form

of a "faithful performance" bond—that is, the bond is not limited to dishonesty but covers mistakes, negligence, and neglect of duty, and, in short, guarantees that the official will properly and faithfully carry out the duties of his office.

Such bonds are those given by assistant overseers, rate collectors, clerks to guardians, officials of corporations, urban and rural district councils, local boards, and education authorities. The claims are payable upon a certificate of the Auditor of the Ministry of Health who surcharges the defaulting official

A very similar bond has to be given to the H M Commissioners of Inland Revenue by collectors of income tax

The bonds given to the Government are principally those given to the Board of Trade by trustees and special managers on bankruptcy and liquidators and special managers of companies, and to H M Customs by bonded warehousemen and others. These last mentioned deserve a few words of comment

All bonded warehousemen, licensed carmen, and lightermen, suffrage wharfingers, and others handling dutiable goods in bond have to give security that they will observe all provisions of the law and the regulations prescribed by the Commissioners of H.M. Customs. The company has by the bond to agree further to pay all fines, penalties, costs, and expenses, inflicted in addition to material loss sustained by the Revenue.

It will be seen that this is a penalty bond, and though the Crown can enforce a penalty, it is hardly likely they would do so if the money was to come out of the pockets of an insurance company and not from the actual offender

Claims are payable on the certificate of the Secretary to H.M. Commissioners of Customs

Bonds are also required from the users of methylated spirit for industrial purposes, guaranteeing that they will so use the spirit which is not subject to duty

Bonds are also required in respect of entertainments tax and mineral water and match duties

Port of London bonds follow very much on the lines of Customs bonds and provide for the payment of port dues and the carrying out of the regulations of the authority

Court Bonds. Of the court bonds the principal are bonds given on behalf of receivers in chancery, those given on behalf of committees or receivers in lunacy, and bonds given on behalf of the administrators of intestate estates

These are all in special forms as prescribed by Act of Parliament or Rules of Court, and present a number of intricate points of practice and procedure beyond the scope of this article

The bonds of all the leading insurance companies are accepted by the courts, and the granting of such bonds forms a very important part of their business

FIDUCIARY CAPACITY.—When one person holds anything in trust for another person, the former is said to be acting in a fiduciary capacity towards the latter. The word "fiduciary" is derived from the Latin, *fiducia*, confidence or trust. An illustration may be given in the case of a banker. If a banker has notice that certain moneys which are deposited with him are held in a fiduciary capacity, he must not, knowingly, be a party to any wrongful use of such moneys, otherwise he will be responsible to the person entitled to the moneys.

On the other hand, however, if the banker is unaware that the moneys are trust funds, he cannot be held responsible.

FIDUCIARY ISSUE.—This is a term applied to the note issue of the Bank of England, which is authorised against the Government debt and securities, as distinguished from the note issue against gold. It amounts to £19,750,000.

FIDUCIARY LOAN.—A fiduciary loan is one that is granted without security upon the confidence of the honour of the borrower.

FIEF.—Land which is held of a superior in fee (*q.v.*).

FIERI FACIAS.—The name given to the writ which is issued after a judgment has been obtained (generally called a writ of *fi. fa.*) commanding the sheriff to recover the amount of the judgment out of the goods and chattels of the judgment debtor, together with interest at the rate of 4 per cent., and to pay the same into court for the benefit of the judgment creditor. Under the authority thus given, the sheriff can enter the dwelling-place of the debtor and seize any goods that are his property. But he must not seize the goods of any other person, and he will be a trespasser if he enters the house of a third person and there are no goods in it which are the property of the debtor.

Under the writ, the sheriff, after seizure, may sell all the goods and chattels which he has taken with the exception of the wearing apparel and bedding of the judgment debtor or his family, and the tools and implements of his trade to the value of £5. He may also sell a lease or term of years, and assign the same under his seal of office to the purchaser. Growing corn and crops, which are raised by the industry of man, are liable to seizure, and by statute such choses in action (*q.v.*) as bank-notes, cheques, bills of exchange, bonds, and other securities for money may be taken. But goods which are in the custody of the law, as by distress, are exempt.

There is a great distinction to be observed between distress and execution. Generally speaking, any goods on the premises may be seized in the former, whereas the goods of a judgment debtor may be seized anywhere, though, of course, they must be the property of the debtor.

If goods are wrongfully seized, as being the property of a third person, the rightful owner may intervene and claim them. The usual course, however, in any case of doubt, is for the sheriff to claim the protection of the court. This is done by means of what is called "an interpleader summons" (*q.v.*), which is served upon the claimant and the execution creditor. Both these parties and the sheriff attend before a master, and the latter almost invariably directs an issue, that is, orders that the claims of the execution creditor and the claimant shall be heard in an ordinary trial, the sheriff meantime retaining the goods, and being ready to give them up to the successful party. (The master is a kind of subordinate judge, who hears various interlocutory matters (*q.v.*) in connection with actions at law. In the country the district registrar occupies a similar position to the master; in almost all cases there is a right of appeal to the judge from a decision of the master.) The master has power to decide the case summarily if the amount in dispute is less than £50, and there is no difficult question of law or fact. Unless the claimant is willing to give security to abide the event of the issue, the sheriff may be empowered

to sell so much of the goods as will realise the amount of the judgment debt.

In many cases the trial of an interpleader issue, where the amount of the judgment is not very considerable, is heard in some county court, as it is likely to come on at an earlier date than if it is tried in the High Court. (See *EXECUTION*.)

FIG.—The common fig is the fruit of the *Ficus carica*, a native of the East, but now grown in great quantities in the Mediterranean countries. The best variety comes from Smyrna, but there are also large imports from Portugal, Greece, and Italy. The green fig is regarded as a choice dessert fruit, but the dried product is more important commercially. The drying is done either in the sun or in specially made ovens. When sun-dried, figs are liable to become infested with the grubs of a small fly, and inferior grades often show the black sooty spores of a fungus. The best dried figs from Smyrna are packed in $\frac{1}{4}$ to 14 lb boxes with bay leaves to prevent the attacks of insects. The poorer grades are imported in 56 lb bags or in cases, mats, and baskets. Small dry figs are sent from Greece in barrels or baskets.

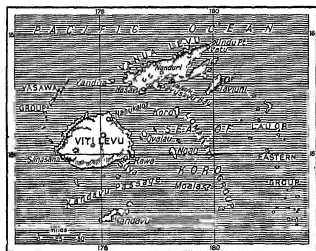
FIGURE CODE.—Codes used for cabling or telegraphing are of various kinds, sometimes in words and sometimes in figures. When the latter method is adopted the code used is called a figure code. (See *CODES*.)

FII.—The Fiji Islands, which have been a British Colony since 1874, comprise eighty inhabited islands or islets and 170 uninhabited islets, and are the most important group in the Western Pacific. They lie some 1,100 miles north of New Zealand, between 15° and 20° S lat., and on the meridian of 180° E and W. The International Date Line lies east of the islands at 172½° W long, so that ships from Panama to Fiji lose a day just before they reach the islands, and those going eastwards gain a day. The Line runs to give the islands the same day as Australia and New Zealand. Fiji really consists of four distinct groups (total area, 7,083 square miles, about that of Wales), near together, but distant from other islands. The Lau or Eastern Group acting as a natural breakwater, the Lomaiviti (Middle Fiji) Group including a number of uninhabited islands of no great size; the larger islands, Viti Levu (Great Fiji), 4,053 square miles, Vanua Levu (Great Land), 2,180 square miles, and their lesser neighbours, Tavuni, Kandavu, Ovalau, and Ngau, and the Yasawa group forming the western frontier. Of the total population of 160,000, Fijians of Malayan-Polynesian stock number 85,000; Indians, 60,000; Europeans, 4,000; and Chinese and natives of other Pacific Islands, 11,000.

Relief. Volcanic action originated most of the islands in geologically recent times, though sedimentary rock in parts of Viti Levu indicate that the core is ancient. Volcanic eruption has pushed up through the coral reefs, altered coral being found in places 1,100 ft. above sea-level. The main islands are connected by a submarine ridge, and are mountainous in the middle, rising to 4,000 ft. Most of the volcanoes have undergone great denudation, and few volcanic cones remain; the chief are Mount Washington on Kandavu, and four craters on Tavuni. Volcanic action is still evidenced by the hot springs at Savusavu, in Vanua Levu, and others in Ngau; and earthquake shocks are occasionally felt. Lying within the coral zone the larger islands and islets are fringed with coral reefs, and the smaller islets are atolls. On these the ocean rollers dash

unceasingly, within them is calm water, and every river mouth breaches the natural breakwater, thus providing good harbours, compensations to the navigators who are at the mercy of the submerged reefs. The rivers, indispensable to the planters in the flat and fertile deltas, are derived from far inland, and the four main rivers, the Rewa, Navua, Ba, and Singatoka, in Viti Levu, are navigable for shallow draught vessels for some miles, in Vanua Levu the Dreketi is the only large stream.

Climate, Vegetation, and Fauna. The controlling factor is the South-east Trade wind, which blows from April to November. Though tropical, the climate is equable and remarkably healthy for Europeans. The hot season, from December to March, is the rainiest, and has a maximum February temperature of 90° F. The coolest and least rainy months are July and August, the temperature then being little more than 80° F. Variable in quantity and season, according to the vagaries of the trade wind,



the normal annual rainfall is 100 ins., the heaviest falls occurring in the afternoons. Dense jungle forests, enchanting wildernesses, fringed near the sea with coco-nut palms and mangrove swamps, clothe the windward areas. The leeward and drier slopes are covered with grass and reeds, and occasional pandanus and acacia trees, and naked hill-tops appear here and there. There are no large native animals. The only indigenous mammals are rats and several species of bats. Cattle, sheep, pigs, dogs, cats, and domestic fowls have been introduced with success, but the Norway rat and the mongoose have proved very destructive.

Production and Industries. Tropical agriculture is the chief occupation. Sugar-cane is the main product (normal annual output, 85,000 tons), large areas of the deltas being devoted to it. Indian coolie labour is now prohibited, and some of the chief sugar firms have ceased operations. Orange trees flourish but the fruit remains green when ripe. Cinchona, vanilla, tea, and coffee thrive under proper cultivation. Bananas and pine-apples are exported green to New Zealand. Coco-nuts, grown in plantations in the windward islands, yield a very important export of copra (dried coco-nut). Other agricultural products are rubber, tobacco, rice, taro, maize, pea-nuts, and yams. Cattle and sheep do well on the native grass, and horses and goats are found in small numbers. There is no mining, with the exception of sporadic attempts to prospect for gold. Turtle, pearl shell and bêche de mer are products of the reefs, but, though fish are abundant

and the natives are expert fishermen, there is no commercial fishery. The colony needs awakening from its state of suspended animation.

Communications and Trade. Roads are few, and internal communications depend upon water transport. There is no railway beyond the plantation narrow-gauge tracks of the sugar plantations. Cable and radio services and weekly steamers give connection with the outer world. An inter-islet steamer service is maintained, and large ships carry on traffic with Australia, New Zealand, Canada, Tonga, Samoa, and Honolulu. The chief exports are sugar, copra, fresh fruit, bananas, trocas shell, molasses, rubber, maize, hides, pelts, and bêche de mer, and the chief imports are clothing, foodstuffs (flour, rice, butter, meat), metal goods, and machinery.

Trade Centres. Suva (13,000), the capital of Fiji, is situated at the head of a large open bay with a reef as a breakwater on the south coast of Viti Levu. It has a wireless station and a cable station on the All Red cable route, with connections south to Norfolk Island and north to Fanning Island, and is an important calling place for steamers between the west of North America, New Zealand, and Australia. Most of its houses are bungalows of wood and corrugated iron, only the important buildings are made of concrete and stone.

Levuka, on the small island of Ovalau, is the centre of the trade in copra. Until 1882 it was the capital, when owing to the growth of the colony and the inconvenient situation of its harbour and its confined space, the seat of government was removed to Suva.

Government. The Governor is appointed by the Crown, and is assisted by an Executive Council of six members and a Legislative Council of twelve nominated members, seven elected members, and two native members, appointed by the Governor. Native administration is carried on through the chiefs under the Governor's supervision.

The regular mail service is via San Francisco or Vancouver—once in three weeks by the former and once a month by the latter. Suva is 11,000 miles distant from London, and the time of transit via Vancouver is about thirty days, and via Sydney, about fifty days.

FILBERTS.—(See HAZEL NUTS)

FILE.—A wire or some contrivance in or upon which papers are arranged in order for facility of reference.

FILING PETITION.—(See RECEIVING ORDER)

FILING SYSTEMS.—Perhaps in no section of office equipment—if we except the typewriter—has so much progress been made during the last few years as in that of filing letters, documents, catalogues, etc. The expansion of trade, the increase of output, and the growth of both imports and exports have naturally brought into almost every department of commerce an ever-increasing number of letters and other commercial papers. The old system of letter filing has, therefore, become quite obsolete, and no progressive modern business could efficiently deal with its inward correspondence on the old system. A short survey of a few of the methods of filing will be instructive, and will show how the present system has evolved from a very humble beginning.

The first system of keeping letters we will deal with is one within the memory of many readers, and consisted of a spike or wire which stood upright from a circular wooden base. This is now rarely found except in household use, where it is handy for the storing of tradesmen's bills for a

short time. It would be useless to dwell on the disadvantages of such a system—if it may be dignified by such a name. At the present day it would be totally impracticable. When letters received were few, however, it served its purpose, and has fallen into decay with increase of trade and the facilities of communication.

This was followed by the Pigeon Hole system of storing letters, perhaps the first serious attempt to keep letters received in something like order. Under this system a box or cabinet was used, which was divided into square compartments, lettered A, B, C, etc. In these compartments the letters were placed according to their respective initials. This idea was improved upon later by docketing the various letters and keeping together all the letters from one person either with a rubber band or a piece of tape. The docketing consisted of recording on the back of each letter the date, the name of the correspondent, and the nature of

ready facilities of reference. These files consist of a cabinet of drawers labelled with the various letters of the alphabet, into which the inward letters are placed according to their initials. In cabinets intended to accommodate a large number of letters, the drawers or sections are sub-divided, e.g., Sa to Si, Sk to So, etc. The inside of these drawers is further sub-divided by sheets of stout Manila paper, lettered on the edges so that the letters may be placed in their respective sections,



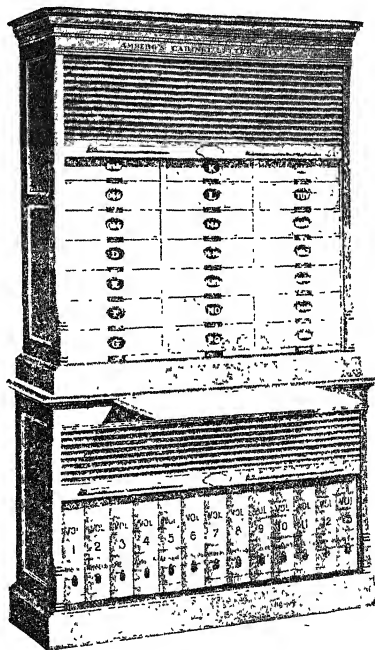
"PIGEON HOLE" CABINET.

the contents, sometimes the date of reply was also noted, e.g.—

21st April, 1921.
JAMES SMITH & Co.,
Claim for damaged goods
Answered Apl. 22/21.

Here we have the idea of the first individual file. It was not a quick way of filing correspondence nor did it admit of rapid reference, while the accumulation of dust and dirt was considerable. Still, it was the beginning of an idea which has been worked out to something approaching perfection. As a system it is by no means obsolete, for the practice of keeping together all documents and letters relating to a particular matter is still maintained by solicitors and other professional men.

We have now to consider the introduction of a filing system which, if not the most modern, is still in use in a large proportion of commercial houses in this country. The introduction of letter filing cabinets like the Shannon and the Amberg files marked the period when a distinct advance was made on old methods to keep correspondence in orderliness and sequence, free from dust, and with



FILING CABINET

and afford rapid reference. For instance, the dividing sheets inside the letter B would be lettered somewhat as follows: Ba, Be, Bi, Bo, Bu, By. Many of these drawer cabinets are made so that the letters are filed securely on metal uprights, which stand from the base board of the drawer. A movable metal arch admits of the letters being placed on the file in their proper sections or taken off. In filing letters, the most recent letter may be placed on the top of the letters received from an individual or at the bottom in its natural sequence of date order.

When a drawer becomes full, the letters are

removed and placed in the same order in a binding case. This is marked on the back with the initial of the drawer and the period covered by the correspondence, thus—

LETTERS

B.

1927.

Jan 1 to

Mar. 31.

Every time a transfer is made the fact is recorded on a slip, which is generally pasted on the base board of the drawer, and indicates the period covered by the letters removed. The transferred letters may, of course, be tied up in bundles and stored away, but as binding cases are inexpensive and admit of much quicker reference, the practice is not recommended.

Additional drawers are generally provided in these cabinets, which may be used for containing correspondence from branch offices, travellers or customers, from whom a regular correspondence is received. Extra compartments are also found in some of the larger sized compartments for the filing of catalogues and documents, which are not of sufficient importance to be placed in the safe or the strong room. Catalogues and documents, however, are so numerous in a large business house, that the best way of filing these to ensure ready reference is by means of a card index. On the card may be recorded a brief note of the contents of the document and its number and location, and in the case of catalogues several cards are often useful. On one card would be indicated the number of the catalogue, the name of the firm, and the goods they manufacture, which would, of course, take its place in the card index drawer alphabetically. The goods themselves might be mentioned on various cards indexed under the headings of, say, Iron Tubes, Wrought Iron Pipes, etc., with a reference to the makers and their catalogue numbers on the file.

The sections and drawers already described generally form the upper portion of the cabinet, a cupboard occupying the lower portion. In this cupboard it is convenient to place the binding cases containing the letters from the drawers above, which cases are, in their turn, removed to the store-room, when space is required to accommodate binding cases containing letters of more recent date.

The last system of filing letters to be mentioned is the Vertical Filing System. This is undoubtedly the best and most up-to-date method in existence of dealing with correspondence, and deserves more than a passing reference. It is, therefore, dealt with in a separate article (See VERTICAL FILING).

FILM PUBLICITY.—Quite early in the history of films, keen advertisers realised that the cinema could be turned into a most effective sales weapon, and of late years very many large national advertisers have included a publicity film in their appropriation.

Film advertising may be divided, roughly, into two distinct classes. We have the serious film, usually devoted to illustrating the processes of manufacture of certain goods, or to views of a firm's factories and plant, and the humorous film—generally of the "cartoon" type—which "puts over" the sales idea in happy style, and fits in with the humorous portion of the entertainment. Often these cartoon films—advertising some well-known product—are just as funny as the pictures forming part of the standard programme.

To anyone who has seen the best of the cartoon advertising films, it is probably a matter of wonderment that more advertisers do not avail themselves of the screen. The writer believes that there is a good deal of misunderstanding about the cost of producing a publicity film. The average business man, who knows "filmland" merely in a recreative sense, and regards a picture house as a place where he can idle away an hour when he feels in the need of mental rest, is ignorant as to the technique of film production, and whilst he may possibly think that he has a most suitable product for advertising by means of a film, he dismisses the idea on the grounds of cost.

Actually, to produce a good humorous film, and exhibit it in nearly all the best picture houses of the country, is not a costly matter. A complete campaign could be undertaken for approximately £2,000.

What is the *value* of film advertising? There are many important factors to take into consideration, and not every product is suitable for this form of publicity. Taking the average type of visitor to a picture house, it may be assumed that he or she is a buyer of almost any and every kind of household commodity—"everyday" needs such as clothing, boots and shoes, foodstuffs, tobacco, soap, household utensils, etc. These are the best "lines" to select for film advertising, better than expensive luxury products which are purchased only by the few. Now, in all advertising, it is wise to visualise the probable *receptivity* of the "prospect." When we select a newspaper to carry our advertisement, we sum up its style, its message, and try to picture what frame of mind the readers are in when they turn to it. Let us do the same with the film. Does a person *wish* to see advertisements on the screen? Is it not possible that when a funny picture appears, obviously advertising soap, or tyres, or toffee, the man or woman who has paid to see a drama will *object*? That is a point of view that must be considered. In actual practice, it has been found that the average picture-goer does *not* object to the really funny advertising film, rather the reverse. But the film *must* be excellent—if it purports to be funny, there must be no possible doubt about its humour. If a serious film has been made, showing processes of manufacture, for instance, it must be gripping in its interest, and the story must be told in such a way that it is easy to follow. The "advertising message" must be "put over" in such a way that it is received sub-consciously. We have to reckon with the critic who will say, "I paid to be amused—not to be made the unwilling witness of an advertisement." Only by the most skilful handling, and the employment of the best photographers, producers, etc., can the advertising film be made a real success.

It is but natural that the highest class picture houses object very strongly to showing advertising films that are not excellent in every way. No cinema proprietor can afford to run the slightest risk of offending his patrons, and if he books a publicity film at all, it will only be after making quite sure that it will interest his audiences, and not bore or irritate them.

The usual procedure adopted when a firm wishes to advertise its goods by means of a film is to get into touch with one of the specialist firms handling advertising films, and get a quotation for a film of a certain type, either humorous or serious, and then arrange for a visit from a film photographer.

and scenario writer. Together, these produce the "story"—which is submitted for approval to the advertiser. It is probably amended in several ways, and finally a complete picture is produced. It is then shown to the advertiser at a special "trade" show, and if passed as perfectly satisfactory, is then submitted for booking to a circle of suitable "halls" around the country. It may be that the advertiser wishes to concentrate on one particular area of the country, and if he indicates this to the film firm, only halls in that area will be approached. Ultimately, a complete list of "bookings" is arranged, with dates, and then the advertiser can advise his agents, or retailers, of the showing of the film in their own towns and districts, and so forge a bond of interest among his trade friends, who will naturally talk of the film to their retail customers.

An important factor to be considered is the preponderance of *women* in an average film audience. This fact accounts for the use of the film by makers of toilet soaps, washing powders, and other goods appealing primarily to women. It is doubtful whether the film is such a good medium for the maker of articles for men, though a "funny" film has been very successfully exploited by a firm of commercial vehicle manufacturers.

It is the general practice for the film-producing house to quote the advertiser an all-in figure, covering all costs in connection with production, in addition to booking fees, so that the advertiser knows exactly what he is going to get for his money. For instance, the film-producing house might quote £2,500 for producing a humorous film about cigarettes, for amending it in any way desired before actual showing in halls, and for exhibiting it in an approved series of halls in selected areas.

In such a case, the film producer would specify the number of showings per week in every theatre, and would give a guarantee as to the average audience in every theatre booked. The advertiser thus knows the total number, approximately, who will see his advertisement, and he has the added satisfaction of knowing that he can "place" his publicity just where he wishes: he can concentrate on weak sales areas with a minimum of trouble. It is this feature of the matter which accounts for the growing popularity of film advertising. There is a certain amount of waste, of course—it is impossible to select a theatre where every single member of the audience is bound to be a potential customer—but by very careful co-operation between the advertiser and the film producer, it is possible to advertise by the film in a very economical manner, and big developments in this form of advertising may be expected in the future.

FINANCE.—The general name of the science which deals with and regulates money matters. At one time it was a word mostly used in connection with the management of the revenues of the State. By degrees, however, it has acquired a wider signification, and it is now applied most frequently in commercial affairs to the raising of money by subscription or otherwise, and in the employment of it in loans for the carrying out of public and commercial undertakings.

FINANCE ACT.—Under the British Constitution the control of taxation and money rests in the hands of the direct representatives of the people, *i.e.*, the House of Commons. The power of the purse is the Commons' supreme check upon all other powers set up and established by law. In

order to pass every other Act of Parliament the consent of the House of Lords is necessary.

Any Act dealing with money is a Finance Act, but the Finance Act most famous in recent history is the Budget Bill of 1909, which was rejected by the House of Lords, and after a dissolution and General Election was re-presented and passed by the Lords on 10th April, 1910.

The "Parliament Act," which was a consequence, provided as follows:—"If a Money Bill passed by the House of Commons is not passed by the House of Lords without amendment, within one month, it shall be presented for the Royal Assent and become law, notwithstanding that the House of Lords has refused to pass it."

The power of deciding whether a Bill is or is not a Money Bill is vested in the Speaker of the House of Commons. (See BUDGET.)

FINANCE BILLS.—These are foreign bills of exchange which do not represent payment for goods or services or interest, but which are a kind of accommodation bill issued by bankers and used to steady the foreign exchanges and to provide means of remittance without recourse being had to the cumbersome method of transporting coin or bullion in payment of indebtedness abroad. Finance bills not arising out of movements of produce already on foot, but drawn in anticipation of those to come, find their justification in the fact that they avert the necessity for shipping gold and yet prevent the rate of exchange from falling very low at one time and rising very high at another. Every finance bill issued increases the supply of bills, and so helps to cheapen the currency in which they are drawn. It is the custom to draw, by arrangement, after sight drafts, without documents attached and without reference to a particularly consignment of goods, on London bankers, which after acceptance can be discounted in the market for cash, thus providing funds which can be used profitably in other ways. (See FOREIGN EXCHANGES, *etc.*)

FINANCE DEPARTMENT.—(SEE COUNTING-HOUSE ORGANISATION.)

FINANCIAL ACCOUNTS AND COST ACCOUNTS, RECONCILIATION OF.—(SEE COST ACCOUNTS AND FINANCIAL ACCOUNTS, RECONCILIATION OF.)

FINANCIAL RETURNS.—The preparation of regular periodical returns showing the resources of businesses is of the utmost importance to those responsible for their management. In all well-conducted businesses owned by joint stock companies the practice is to prepare a monthly statement of Ways and Means for presentation to the board of directors, or a section of it styled a finance committee, and responsible to the controlling board. This return exhibits the immediate resources of the concern, as regards both its capital and its revenue accounts, setting out at the same time the immediate payments to be made under the head of capital or revenue, and contingent liabilities in the shape of bills to be paid in each of the next ensuing three months or perhaps more, with any items of debenture interest or dividends which it is customary to pay on a given date in the immediate future. As against the bills payable, the statement also provides for bills maturing to the credit of the business for a like period. The majority do not provide for a separate statement of financial resources and liabilities, distinguishing capital from revenue. A great proportion are, however, gradually realising the advisability of keeping separate cash accounts with their bankers, which will exhibit

at any given moment the precise amounts of cash available for the purpose of extending the business or for meeting its normal requirements. This has been rendered necessary owing to the vast number of instances where prosperous companies have unconsciously absorbed great sums of money earned from their revenue accounts for the purpose of paying for extensions to buildings, additions to plant, and so forth, thus procedure resulting in a difficulty to meet the required sums for paying dividends. Unless some steps have been taken from the very beginning of the company's career, when a precise line of demarcation can be drawn between cash items of income and expenditure, for capital and revenue accounts, respectively, subsequent transactions being based upon this principle throughout the remainder of its career, it merely becomes necessary to set apart an account with the bankers which shall receive all moneys paid in on account of share capital or debentures, loans, and so forth. Out of this account will be paid the cost of acquiring the business and any subsequent payments which could be rightly regarded as additions to the buildings, plant, machinery, or the acquirement of leases representing a number of years' tenure. This is precisely the same principle followed in connection with the accounts of companies which are required by law to keep their accounts on the "double account system," but it does not follow, by employing this method of dividing capital and revenue cash, that the accounts would be drawn up on that principle. It is merely a device adopted for the better information of the management, providing them with financial statements which will display monetary resources available for the two cardinal purposes of commerce and industry. We give at the top of the next column a statement of "Ways and Means," which represents the firm usually employed for presentation to boards of directors, usually once a month.

As an alternative, some returns are made up, keeping items for capital and revenue in distinct accounts, the amount shown on deposit at the bank or reserve liquid assets, in the shape of invested funds, in a third account, these being available for replenishments as required from time to time by either capital or revenue. Calls due upon shares or debentures within the period covered would be specified in the return under capital. Trade debtors would be accompanied by a supplemental report or return showing the number of debtors whose accounts are overdue or any remarks as to possible doubtful or bad debts.

The balances shown would be accompanied by the usual reconciliation statements showing the agreement between the balance in the firm's cash books with those of the figures in the pass books produced at the meeting; though in some instances the board of directors may require the bank manager to give a certificate detailing the amounts standing to the credit of the company against the various accounts, the pass books being produced nevertheless.

In wealthy concerns, some reliable methods of recording the state of the various investments made by the directors should be drawn up, with a view to showing the advisability of changing any stocks held, assuming a given scheme has been adopted to employ the surplus funds of the business by investing in home railways, and that the following stocks have been selected. A statement giving the figures as shown would provide sufficient guidance to those responsible

Statement of "Ways and Means" made up to balancing of books on April 30th, 19... , submitted to Board on May 10th, 19...

RESOURCES							
	£	s	d		£	s	d.
Cash Balances :							
On Deposit a/c ..	5,000	0	0				
" Capital " ..	1,298	4	2				
" Revenue " ..	979	18	7				
					7,278	2	9
Trade Debtors ..					4,908	19	8
Bills Receivable							
maturing in May ..	294	15	0				
" " June	456	17	2				
" " July	129	2	0				
					880	14	2
					£13,067	16	7
COMMITMENTS.							
Creditors on Capital							
Account, due ..	1,790	18	4				
Creditors on Revenue							
Account, due ..	1,343	17	10				
Four weeks' Wages,							
month of May, say ..	790	0	0				
Petty Cash, month of							
May, say ..	150	0	0				
Salaries and Ex-							
penses, London							
establishment,							
month of May ..	360	0	0		4,434	16	2
Bills Payable :							
maturing in May							
(Capital Account)	600	0	0				
maturing in July							
(Capital Account)	500	0	0				
					1,100	0	0
Contingent Liabilities							
on Capital Account,							
Sundry Building							
Contracts expiring							
before August ..					2,000	0	0
Debenture Interest							
due 1st July, 19..					1,500	0	0
					£9,034	16	2

In addition to the above, some supplemental figures as to the half year's comparative returns of the above stock will also be useful

	Prices at last Meeting	Present Prices.
Gt Western Ord ..	86½	85½
" 5 % Cons Pref	96	96
London Mid and Scot Ord ..	73½	72
" 4 % Pref	75½	75½
London and North Eastern—		
5 % Pref Ord ..	55½	52½
Def Ord ..	18	17
4 % 1st Pref ..	70	70
Metropolitan Ord ..	65	64
Met District Ord ..	52½	50½
Southern 5 % Pref Ord ..	78	76½
" Def. Ord ..	44½	43½

(See also table at the top of the next page)
(For returns dealing with production, trading sales, and expenses, see STATISTICAL RETURNS; DIAGRAMS AND CHARTS)

	LAST YEAR			PREVIOUS YEAR		
	Dw	Balance Forward	Reserves	Dw	Balance Forward	Reserves
	%	£	£	%	£	£
Great Western	7 $\frac{1}{2}$	164,767	3,270,081	7 $\frac{1}{2}$	301,963	4,150,000
London Midland & Scottish	6	249,315	10,288,067	7	341,549	12,588,067
London & North Eastern	1	346,880	7,121,698	2 $\frac{1}{2}$	532,114	12,732,118
Metropolitan	5	51,402	1,324,738	5	35,250	1,142,037
Metropolitan District	3 $\frac{1}{2}$	57,347	731,529	3 $\frac{1}{2}$	84,088	641,529
Southern	3 $\frac{1}{2}$	245,006	703,964	3 $\frac{1}{2}$	250,096	750,000

FINANCIER.—A person versed in finance, whose business is mainly connected with the raising or the supplying of money for public and commercial undertakings.

FINANCING OF SHIPMENTS.—(See SHIPPING GOODS ABROAD).

FINDING.—There is an idea very prevalent to the effect that a person who finds an article is entitled to keep it. This is true only to this extent—the finder is entitled to retain it as against every person *except the true owner*. Thus if A loses an article and B finds it, A is the only person who can demand restitution from B and if A never claims it, B has a right to it as against the whole world. And if, by any chance, the article goes out of B's possession, otherwise than by being restored to A, B is entitled to reclaim it on his own behalf. This rule of law applies to all public places to which there is free access, and it seems that it is true as to the public part of a shop. But if an article is picked up in an inn, the innkeeper has a special property in it and may demand it from the finder. So also, as regards private property. Articles found thereon are, *prima facie*, the property of the landowner, except the precious metals, and these belong to the Crown. (See TREASURE TROVE.)

If property is simply mislaid a "finder" may be in a difficult position if he refuses to restore the same upon demand. In any case an action in detinue (*q.v.*) will lie; but if it can be clearly shown that the "finder" at the time when he got the property into his possession intended to convert it to his own use, he is guilty of larceny (*q.v.*). If, on the contrary, the first intention was to restore the property and the idea of conversion was formed later, there is no larceny. This may appear to be a subtle distinction, and it requires a good deal of argument to establish the legal position just stated.

FINE PAPER.—This is the name given to bills which are drawn upon banks or firms which possess a first-class reputation.

FINLAND.—Finland (Suomi, "Land of Lakes and Fens") lies north of the Gulf of Finland 60° N lat and east of the Gulf of Bothnia, and has, as its political neighbours, Sweden, Norway, and Soviet Russia. Including the Aaland Islands, it has an area of 149,586 square miles (nearly 1 $\frac{1}{2}$ times that of the British Isles), and a population of 3,496,000, of whom nearly 90 per cent are Finns, Tavastlanders or Karelians, and 9 per cent are Swedes. In the north there are a few thousand Laplanders. Sweden and Russia have both held Finland, the former showing its influence still in Finnish culture and religion (Lutheran Church), the latter having practically no effect. In November,

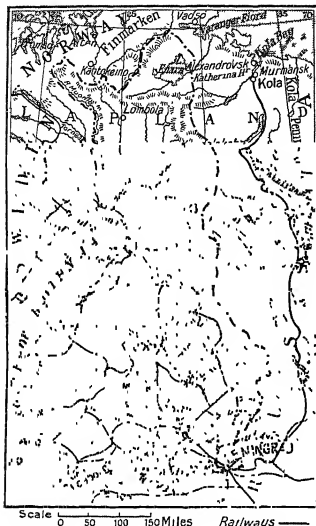
1917, a Finnish Republic was declared by the Diet, and in July, 1919, its constitution was drawn up. Its independence is recognised by the Powers, and its present Government consists of a President elected for six years, and a House of Representatives of 200 members elected for three years. There is universal suffrage at the age of twenty-four. The Finns, though Western in their habits, belong to the Finno-Ugrian race, and are characterised by their independence, perseverance, hospitality, love of education, high sense of duty, self-respect, brusqueness of manner, intelligence, and equality of the sexes. Swedish, long the language, has been displaced by the Finnish tongue.

Relief. Structurally, the country is a low, undulating, granitic, and crystalline plateau (average height about 500 ft), a relic of the ancient continent of Ardis, reaching heights of 3,000 to 4,000 ft only in the northern Lapland areas, and showing in its glacier mantle (geologically but, of yesterday) innumerable lakes and swamps, areas of bare rock, and rivers impeded by waterfalls and rapids, the effects of successive Ice Ages. Ridges of granite and boulder clay, and glaciated valleys run in a NW to SE direction, parallel to the valleys of Sweden, and the much indented coast line is dotted with off-shore islands, especially between the Aaland Islands and Abo (Turku).

Climate, Vegetation, and Fauna. The slope of the land allows the S.W. Anti Trades to penetrate the country, and thus the climate is a modified continental of long and severe winters and warm summers. From November to April the ground is frozen and snow-covered, and the lakes, marshes, rivers, and bordering gulfs are ice-bound for most of this period. The mean annual temperature is 37° F., and the mean annual rainfall, 25in. Spring is a season of enchantment, the prelude to a short, hot summer, which puts a premium on quick vegetable growth. Tundra conditions prevail in the north, elsewhere (apart from the lakes and swamps which make up about one-third of the area) the land is a natural forest area, chiefly coniferous (Scots pine, spruce, fir, and larch), deciduous types (birch, aspen, and alder) appearing in the south-west. Pasture and arable land find place in the forest clearings. The Polar bear, Arctic fox, seal, reindeer, and wild goose are found in the tundra, the stag, weasel, fox, hare, bear, wolf, and lynx still roam the forests, though decreasing in number, and trout are products of the waters, and mosquitoes are very prevalent.

Production and Industries. The principal natural resources of Finland are timber and agricultural and

pastoral products. These, and the industries arising from them, are most carefully organised on co-operative principles, and fostered by the Government. Of the total population of Finland, 84 per cent reside in the country districts, and between 60 and 70 per cent are engaged in agriculture. Abundant wood, facilities for floating it, and plentiful water-power, make the timber industry with its subsidiaries, wood-pulp, paper, resin, tar, and turpentine, the most important Finnish timber is a serious competitor of the Swedish. There are 285,000 farms, but only about 6 per cent of the land is under cultivation. The chief crops are rye,



oats, potatoes, and hay. A small acreage is under barley, but wheat is not grown. Dairy produce—butter, cheese, and eggs (1,214,000 poultry)—is becoming increasingly important as an export. A large number of live stock are bred (421,000 horses, 865,000 horned cattle, 485,000 sheep, and 376,000 pigs), and this branch receives the careful attention of the Government. Much of Finland is on the "margin of cultivation," and when the summer days fall below the normal, there is disaster in some of the agricultural districts. Yet on their sterile holdings the Finns drag out a living by hard work. Fishing is carried on in the Gulf of Bothnia and the Gulf of Finland, and the rivers are an anglers' paradise.

Iron ore is obtained in the south, but no coal is found. The unfavourable geological formation of the country precludes hope of mining becoming important. The utilisation of water-power, both directly and electrically transmitted, has given rise

to important industries (Finland's estimated water-power is 3,000,000 horse-power; that of the Imatra Falls of the Vuokken River being 140,000 horse-power). Åbo (Turku) and Helsingfors (Helsinki) have ironworks, and textiles (chiefly cotton) are manufactured at Tammerfors (Tampere), Björneborg (Pori), and Vasa (Vaasa). Cellulose, paper-pulp, and paper are produced in most of the towns. The future of the country lies in the utilisation of the forests, the drainage of the land, and co-operative and scientific dairy-farming on the Denmark model.

Communications and Trade. Finland is not a country of easy communications. Both roads and railways have to wind among the innumerable lakes. Good roads are scarce, except in the principal towns, but winter traffic is easy when the snow is frozen. The country is abundantly supplied with means of water transport, and vast quantities of timber are moved to the ports by water. Canals connect the lakes with each other and with the Gulf of Finland, and important traffic is carried on these waterways, except during the winter months. On Lake Saima vessels can travel a distance of 250 miles, and it is possible to go from Viborg (Vipuri) to Isalmi, in the very heart of the country, in a lake steamer. The railways (2,800 miles) are State owned, and they are efficiently worked. Railway connection with Sweden was completed in 1919, and it is proposed to electrify the railway system. There are 15,292 miles of telegraph, and 3,260 miles of telephone wires. From Helsingfors (Helsinki), Åbo (Turku), and Viborg (Vipuri) steamship communication is kept with the outside world, ice-breakers being used in winter. Most trade is carried on with the Baltic countries, the countries of North-West Europe, the United Kingdom, the United States, Brazil, and Argentina. The chief exports are timber, paper, cardboard, gums, resins, tar, granite, leather, horses, hides, dairy produce, fish, explosives, matches, and some iron and textile manufactures; and the chief imports are cereals, colonial produce, coal, coke, spices, spinning materials, textiles, leather, hides, metals, machinery, oils, and fats.

Trade Centres. The trade centres are mostly on the coastal plain, which is the least scantily populated region.

Helsingfors (Helsinki) (209,000), the capital, is an attractive town, possessing a fine double deep-water harbour protected by the island of Sveaborg. Its university is a centre of scientific activity, and its library contains a valuable collection of documents bearing on Finland and its history. Among its manufactures are textiles, metal goods, and paper.

Åbo (Turku) (61,000), the most ancient city in Finland, the former capital, and present ecclesiastical capital, occupies a fine strategic position behind the Åland Islands. It has textile manufactures, and is an important shipping centre.

Tammerfors (Tampere) (51,000), on the plateau in the humid south-west, is an important textile centre.

Viborg (Vipuri) (47,000), on the Gulf of Finland, is a railway and canal terminus, and ranks as the second port.

Other towns are: **Vasa (Vaasa)** (24,000), **Uleåborg (Ulu)** (22,000), **Kuopio** (21,000), **Björneborg (Pori)**, and **Kotka** (14,000).

FIRE ALARM.—This should be installed in all business premises, and its whereabouts known to all employees, so that an outbreak of fire can be

reported without delay. In some business establishments the alarm is merely a bell, which is rung by hand, in others there is an electrically controlled alarm which is sounded by pressing a button, while again, there is an appliance which automatically sounds an alarm the moment an outbreak occurs. The warning sounds of the various appliances naturally differ, but the sound given out by the fire alarm in any one establishment should not be confused by the sound of any other appliance in the same establishment, in other words, the fire alarm should plainly say "fire," and be immediately recognised by everyone in the establishment.

There are on the market various automatic fire-alarms, designed to give immediate intimation of the outbreak of fire in a building. Thermostats, containing, as a rule, a device of fusible solder or of metal strips of varying rates of expansion, are placed on the ceilings at intervals of not more than 15 ft., and on an appreciable rise of temperature taking place, they convey an electric signal to a central office, registering the exact spot at which the outbreak has taken place. They can be set for any desired temperature. In some cities, the alarm is delivered directly into the fire brigade stations, but in London this privilege has not been granted (See also FIRE PREVENTION AND EXTINCTION.)

FIRE BRIGADES.—The first fire brigade recorded in history existed in Babylon, and the first fire engine, the invention of an Egyptian, is said to date from about 600 years before the days of its greatest power. Rome possessed a large, efficient brigade, but with the fall of the Empire the science of fire fighting seems to have disappeared for 1,000 years or more. In London some of the earliest provisions for dealing with fires were made in the reign of Richard II, and enacted "that ten reputable men of ward with the aldermen provide a strong crooke of iron with a wooden handle, together with two chains and two strong cords, and that the handle have a good horn and loudly sounding." Two years after the great fire of 1666, the City and liberties were divided into four quarters, in each of which had to be provided 800 leather buckets, 50 ladders, 24 pickaxe hatchets, and 40 shovels, together with two hand-squirts for each parish. The chief City companies were also required to provide fire-fighting appliances. In the same year the newly-formed "Hand-in-Hand" Insurance Company organised a brigade of Thames watermen to deal with fires at property insured by it, and other companies followed suit, until in 1749 the "Sun" maintained in London five engine-houses and five other stations. In 1833 the companies united their brigades in London into the London Fire Engine Establishment, consisting of seventy-six officers and men. Somewhat similar developments had taken place in other cities, in one or two of which insurance companies' fire brigades still exist. In 1707 an Act was passed requiring the churchwardens of parishes to fix firecocks on watermains and to keep a large engine and a hand engine, together with pipes and buckets. By the middle of the nineteenth century, this Act was almost a dead letter, and a great fire in Tooley Street, in June, 1861, at which Mr Bradwood, the chief of the fire brigade, lost his life, showed the urgent need for more efficient equipment and organisation. In 1865 the duty of protecting London against fire damage was entrusted to the Metropolitan Board of Works, who in turn passed it to their successors, the London County Council (See LONDON FIRE BRIGADE.)

The legal position of local authorities as regards the protection of property against fire is rather complicated, being dealt with in sections of several statutes, among which the most important are the Lighting and Watching Act, 1833, the Town Police Clauses Act, 1847, the Public Health Act, 1875, and the Local Government Act, 1894, with corresponding Acts for Scotland and Ireland. Certain towns, among them London, Liverpool, Manchester, Salford, Edinburgh, and Glasgow, have powers by virtue of private Acts of Parliament. Generally speaking, the legislation is permissive, not compulsory. Local authorities may provide fire appliances and organise brigades, but they are not compelled to do so, and when provided, no central authority has the duty of inspection or of requiring maintenance in a state of efficiency. Local authorities may combine to provide a fire brigade service, but in the absence of special agreement no authority is under any obligation to render assistance to its neighbours.

A ratepayer has a right to the free use of the brigade which his rates help to support, and in the absence of powers conferred by special Act of Parliament, no local authority has legal power to charge its ratepayers for the use of appliances and men within its own district. If, however, the brigade attends a fire outside its district, its expenses must be paid. Legally, they fall on the owner or occupier of the building in which the fire occurs. In practice they are borne by the insurance companies, in proportion to the amount of insurance they have on property attacked or endangered by the fire, an uninsured person also having to bear his proportion. In the past many disputes occurred as to the amount of these charges which, especially on the part of small, inefficient brigades, were often out of proportion to the services rendered, but most authorities now accept the scale drawn up in 1923 by the National Fire Brigades Association.

It is sometimes argued that a large part of the cost of supporting fire brigades should fall upon fire insurance companies and this matter was considered in 1923 by the Royal Commission on Fire Brigades and Fire Prevention. The report states, however, that "so far as any question of principle is concerned, there appears to be no more reason for the fire department of an insurance company to subsidise fire brigades than for the marine department to subsidise lighthouses, or the burglary department to subsidise the police. Were the law to enforce such subsidies on a substantial scale, it would probably entail a corresponding increase in the rate of premiums, with the result that the prudent citizen would have to pay more, while any relief to the burden of the ratepayer would be shared by his less prudent neighbour."

The report of the Commission (Cmd. 1945, 1923, 8s. 6d.) contains much valuable information on the subject of the existing law and organisation. Its recommendations deal with precautions to be taken against fire, building laws and by-laws and problems of building construction, methods of extinction, including the organisation of fire brigades, the holding of fire inquiries, and the need of research.

FIRECLAY.—Clay consisting principally of silica and alumina, and valuable for its fire-resisting properties. It is usually found below seams of coal, and is used in the manufacture of crucibles, retorts, firebricks, and drain pipes, and also for lining ovens. It is, in addition, much employed in metallurgical operation. The quality of a fireclay depends not

only upon its infusibility, but also upon its power of resisting corrosion and sudden changes of temperature, etc., and to secure a suitable material mixtures of various clays are usually made. The principal deposits in Great Britain are at Stourbridge (in Worcestershire), at Newcastle-on-Tyne, and at Glasgow. The other countries from which fireclay is obtained are Belgium, Germany, France, Sweden, and the United States.

FIRE EXTINCTION.—(See FIRE PREVENTION AND EXTINCTION.)

FIRE EXTINGUISHERS, CHEMICAL.—The hand fire extinguisher (or "extincteur" as it is still often called), is the most useful first-aid appliance for extinguishing accidental fires. Four principal types are recognised by the fire offices, and discounts are allowed by them for approved makes of these kinds; there are numerous other forms on the market which are not regarded by the office as efficient. The approved classes are as follows—

(1) **Ordinary**, mostly "soda-acid." These consist of a metal container tested to withstand a pressure of 350 lbs per sq in., containing usually a solution of bicarbonate of soda or of carbonate of potassium and a jar or bottle containing either sulphuric or hydrochloric acid, or a capsule of compressed carbon dioxide. When required for use, the two constituents are brought into contact, usually by striking a blow on the floor with the appliance, but sometimes by merely turning it upside-down. The resulting chemical reaction causes the contents to be ejected from the nozzle with sufficient force to carry the fluid a distance of 30 to 40 ft. The extinction is effected in the main in the same way as with water, viz., by reducing the temperature below the point of ignition, but in addition the gas evolved has fire extinguishing properties. The most convenient size for hand use contains 2 gallons.

(2) **Foam type.** For extinguishing oil fires, water is worse than useless, as the burning oil floats away on it. Sand and earth will smother a shallow fire, but are no use where there is a depth of oil. In the foam extinguisher an acid solution and a viscous solution, such as one derived from liquorice roots, are brought into contact and form a stiff froth or foam, which is ejected by carbonic acid gas from the apparatus in a stream several feet long. It forms a blanket over the burning oil, cutting off the oxygen and causing the flame to die out. It is, of course, necessary to apply a sufficient quantity of foam to cover the whole of the burning surface, and larger appliances than hand extinguishers are consequently required where oil is kept in bulk.

(3) **Special Liquid.** These are intended for use where spirit or celluloid are used or stored. The extinguishing liquid contains carbon dioxide and chemicals which vary with different makes. They produce a blanket of dense fumes over the fire, which is similar in effect to the foam type. The liquid is, in some cases at any rate, a non-conductor of electricity, and the appliance can, therefore, be used for electrical fires, where it would be dangerous to the operator to use water. The fumes given off by this type of extinguisher are apt to be troublesome, and care should be exercised in using the appliance in a confined space.

(4) **Dry Powder.** Some of these are recognised by the insurance companies for use in dynamo houses and spirit and celluloid stores. They consist of a metal tube containing a mixture of fine sand, bicarbonate of soda, and other chemicals. On the contents being sprinkled on a fire, carbonic acid gas,

which shuts off the air from the fire, is generated. (See also FIRE PREVENTION AND EXTINCTION.)

FIRE EXTINGUISHING EXPENSES.—(See FIRE BRIGADES.)

FIRE-FIGHTING APPLIANCES.—Most business establishments have emergency appliances, of which there are several efficient makes on the market. Most of these are filled with chemicals, but through long periods of inaction these deteriorate and eventually become useless. Periodically, therefore, these appliances should be overhauled, and refills inserted. There should always be a stock of these refills. There is now a fire extinguisher of the "turn-over" type upon the market, which is very simple to manipulate. It is tested to 350 lb and the capacity is 1 and 2 gallons. These fire extinguishers should be placed in prominent positions in various parts of the building, and everyone employed therein should be instructed how to use them. In many factories there are fire buckets, some filled with water and others with sand, hung in easily accessible positions, but they are often neglected, and it is no uncommon thing to see a row of empty fire buckets. In large works there is often a fully-equipped fire brigade, complete with engine and ladders, while in smaller establishments there is often a recognised fireman, who is responsible for keeping the equipment in order. Even though the establishment is too small to warrant the employment of a recognised fireman, there is no reason why one person cannot be made officially responsible for all matters connected with precautions against fire, inspecting the appliances periodically, seeing that the water hydrant is free from encumbrances, etc. Risk of fire is too serious to be taken lightly, and especially where a number of people are employed, there should, therefore, be one person capable of taking control, should the contingency arise.

FIRE INQUESTS.—By the City of London Fire Inquests Act, 1888, the City coroner is empowered to conduct inquiries into the causes of fires in his district, whenever, after receiving a report from the Commissioner of City Police or the Chief Officer of the Fire Brigade, he considers that the origin of a fire is sufficiently doubtful to render an inquiry desirable in the public interest. The usual form of an inquest with jury is followed and the inquiry may be held even although no life has been lost. Evidence is taken on oath, and in the event of a verdict of arson being returned, the person implicated is charged in the ordinary courts on the coroner's warrant.

The holding of these inquests has had a salutary effect, for although only about 2 per cent have resulted in verdicts of arson (successful incendiarism usually destroying its own evidence), the possibility of such inquiries has almost certainly had a deterring effect. A Royal Commission which investigated the subject of fire prevention and extinction recommended that such inquiries should be made in respect of suspicious fires throughout the kingdom, though not by coroner. The report suggested that a panel should be formed by the Secretary of State of persons possessing special qualifications in building construction, fire extinction, engineering, and the like, and that any inquiry necessary should be held by a person drawn from this panel. No steps have yet been taken by the Government to carry into effect this recommendation.

FIRE INSURANCE.—The history of fire insurance as now carried on by companies dates from the

great fire in London in 1666 Prior to that time several expedients had been adopted in order to mitigate the hardship falling upon a person whose property had been destroyed by fire The earliest of these was the provision made by the Anglo-Saxon Guilds in the tenth century and possibly earlier One of these guilds, for example, had a rule reading "When any member is about to go abroad, each of his fellow members shall contribute fivepence, and if any member's house is burnt, one penny" Early in the seventeenth century "church briefs" or "king's letters" were granted under the authority of the king in council to sufferers by fire, permitting them to call on churches, sheriffs, and justices to collect funds with which to make good their losses These church briefs, although issued only on the recommendation of persons known to the court, were obviously open to much abuse, and in the reign of Queen Anne an Act of Parliament was passed regulating their use By this time, however, fire insurance was being transacted on a commercial basis and church briefs fell into disuse, finally ceasing to be issued early in the nineteenth century

In 1687 several "fire clubs" were founded, providing insurance on a mutual basis, and in 1681 the organizer of one of these, Dr Barbon, founded a joint-stock company named "The Fire Office," with its offices at the back of the Royal Exchange Other companies quickly followed Of those still existing, the "Hand-in-Hand," now controlled by the "Commercial Union," was founded in 1696, the "Sun" in 1710, the "Union," now also under the control of the "Commercial Union," in 1714, the "Westminster," now attached to the "Alliance," in 1717, and the "Royal Exchange" and the "London" in 1720

The Contract. Every policy of fire insurance is subject to three fundamental principles, viz—

- 1 It is a contract of "the utmost good faith"
- 2 It is a contract of indemnity
- 3 It is personal between the insured (the person or persons to whom the policy is granted) and the insurer (the company or underwriter issuing the policy)

(1) **Good FAITH** The rule of *caveat emptor*, which applies to most commercial transactions, is replaced by that of *uberrimae fidei*, of the utmost good faith This involves the giving by both sides of all material information The person applying for the insurance must reveal all essential facts regarding the property and himself to the insurance company and the company must see that the contract it offers meets the expressed wishes of the proposer The duty of the proposer in this matter was stated by Lord Mansfield in 1766 as follows—

"The special facts upon which the contingent chance is to be computed he most commonly in the knowledge of the insured alone The underwriter trusts to his representations and proceeds upon confidence that he does not keep back any circumstance in his knowledge to mislead the underwriter into a belief that the circumstance does not exist, and to induce him to estimate the risk as if it did not exist

"The keeping back such circumstances is a fraud, and, therefore, the policy is void Although the suppression should happen through mistake, without fraudulent intention, yet still the underwriter is deceived and the policy is void"

It is a protection to the proposer, as well as to the company, for the request for insurance to be made on one of the company's proposal forms, but the

fact that all the questions on the form have been answered, or that the premises have been inspected by the company's surveyor, does not exonerate the proposer from the consequences of omitting to reveal any other facts which are material

The requirement of the utmost good faith continues during the currency of the policy, so that changes affecting the contract must be advised to the insurers

(2) **INDEMNITY** Indemnity has been defined as "security against loss, damage, or penalty," and in the words of Lord Justice Lush "The law does not sanction any insurance which would directly and immediately make the assured party a gainer by the destruction or damage of the thing destroyed, because if otherwise, there would be at once a temptation to destroy the thing insured and thereby get the money"

It follows that if property is over-insured, either in one office or several, the insured cannot recover from any or all of the insurers more than the actual amount of his loss

(3) **THE CONTRACT PERSONAL** What is actually insured is not the material property, but a person's interest in that property The respectability and trustworthiness of the person insured are matters of primary importance to the insurers A policy cannot, therefore, be transferred to a third party without the consent of the company, the only exceptions to this rule being when it passes by will, or by "operation of law," which usually means the appointment of trustees in bankruptcy or committees and receivers in lunacy

Interpretation of the Contract. As the policy is drawn up by the company, any ambiguity will be construed in favour of the insured When the written and printed portions contradict each other, the former will prevail

The Proposal. The completion of a proposal form is not essential to the validity of the contract The proposal can be made orally or in writing, and in practice very many fire policies are issued without the completion of printed forms In these cases, however, the person submitting the proposal is known to the office and strangers are almost invariably required to fill up forms and often to give references

Insurable Interest. Any person may insure property and recover under the policy if he is in such a position in relation to it that he will suffer direct and certain loss by its destruction by fire For example, an absolute future interest is insurable, but a mere expectation is not A mortgagee or a trustee may insure As regards persons in temporary possession, see BAILEES, INSURANCE BY

The Contingency. The standard fire insurance policy covers—

1 Fire (whether resulting from explosion or otherwise) not occasioned by or happening through

(a) Its own spontaneous fermentation or heating or its undergoing any process involving the application of fire heat

(b) Earthquake, subterranean fire, riot, civil commotion, foreign enemy, military or usurped power, rebellion or insurrection

2 Lightning

3 Explosion of boiler used for domestic purposes only

4 Explosion in a building not being part of a gasworks, of gas used for domestic purposes, or used for lighting or heating the building

To constitute a fire, there must be actual ignition,

though not necessarily flame, damage by heat alone is not sufficient. The ignition must be accidental, or if deliberate, be caused by some person not insured or acting on the insured's behalf. It must occur away from the place where a fire intentionally caused is burning. Damage done by water used to extinguish a fire, or in course of the removal of goods from a burning building, is regarded as fire damage. (As regards the exceptions mentioned above, see SPECIAL PERILS INSURANCE.)

The fire (or lightning or explosion, as the case may be), must be the "proximate cause" of the damage, i.e., the loss must arise directly from the contingency insured against. For instance, if a fire throws down a wall and damages adjacent property, the owner of that property can claim under his fire policy, but if the fire leaves a wall unsupported and it is blown down by a gale a week or two later, no legal right of claim exists.

The Subject Matter of the Policy. Private insurances are best effected by the "Comprehensive Household" policy (*q.v.*) The following notes, therefore, apply to business policies—

1 **BUILDINGS.** The cost of foundations may be excluded from the calculation of the value to be insured. The "building" is held to include landlord's fixtures and fittings, such as gas and water pipes. If a tenant has to insure a building and wishes to cover his own fixtures and fittings, outside signs and improvements made by him to the structure, he should see that these items are mentioned in the policy. Gates, fences, and out-buildings are not covered unless specially mentioned.

2. **CONTENTS.** The following articles must be mentioned in the policy if they are to be covered. Separate items are not always required.

(a) Stock and materials in trade. It is not necessary to say of what these consist. The mention of the trade carried on is usually sufficient. (See also SPECIAL CONTRACTS below.)

(b) Machinery, plant, utensils, and tools. It is advisable to mention separately the power plant. Workmen's tools are not covered and can seldom be insured, either by employers or by the men. (See also REINSTATEMENT POLICIES, below.)

(c) Fixtures and fittings.

(d) Office furniture and equipment, money, securities, stamps, documents, manuscripts, and business books are excluded by the policy conditions. Books of record and account, card indices and the like can be insured if specially mentioned, for their value as stationery, together with the cost of the labour required to reproduce them. Stamps on insurance cards and on documents are insurable by special arrangement.

(e) Patterns, moulds, plans, drawings, printer's blocks, photographic negatives, etc., must all be specially mentioned, a limit of value on any one will be required.

(f) Goods held in trust. (See BAILEES, INSURANCE BY.) Personal belongings of employees can be covered, although the employer has no legal insurable interest in them.

(g) Goods sent elsewhere for making up or repair and goods in transit on vehicles.

(h) Property in the yards.

3 **RENT, RATES, AND TAXES.** These are insurable, the loss being assessed on the basis of the proportion which the time required, with ordinary diligence, to reinstatement the premises bears to the total amount of rent, rates, and taxes insured.

4 **ARCHITECTS' AND SURVEYORS' FEES.** The fees of architects and surveyors in connection with the reinstatement of buildings can be insured, but not such fees for the preparation of claims.

Special Contracts. To meet the requirements of modern business, modifications of the standard policy have been introduced. The most important are the following—

(1) **ADJUSTABLE POLICIES.** These policies are issued, as usual, for stated amounts, but liberty is given to vary the amounts, up to the total sums insured, at any time, and the premiums are added accordingly.

(2) **CONTINGENCY INSURANCE.** In some trades valuable stocks are sent by the owners for treatment by firms who, by custom or contract, are liable in the event of fire damage. Wool sent to be combed may be mentioned as an example. To protect themselves in case the woolcombers' insurance is not sufficient to meet the loss, the owners can effect contingency policies, which come into operation only after the combers' policies are exhausted. The rates are lower than those for the ordinary full policy.

(3) **CONTRACT PRICE POLICIES.** Losses are ordinarily settled on the basis of "value at the time of the fire." Merchants holding stocks in public warehouses can, however, usually obtain policies undertaking to pay the price named in contracts which are broken by the destruction of the goods.

(4) **DECLARATION POLICIES.** Firms holding large fluctuating stocks can obtain "declaration policies" by which, on stating at the outset the maximum amount for which they require protection and paying premium on 75 per cent of this amount, they may declare at stated intervals, usually monthly, the value actually at risk. At the end of the year the premium is adjusted according to these amounts. The company stipulates that the premium ultimately left in its hands shall be not less than 50 per cent of the premium on the amount for which the policy is issued.

(5) **MAXIMUM VALUE POLICIES.** These policies are for the most part confined to the cotton trade and Manchester warehouses. Maximum values are declared for stock in each building, or part of a building, which is separately rated in a mill or works, and another maximum for the whole range. Premium is paid on the latter amount, but in consideration of the fact that it is larger than the total value at risk and that fluctuations below it take place, a discount of 33½ per cent is allowed off the premium.

(6) **REINSTATEMENT POLICIES.** These are applicable to machinery and provide for the payment of the difference between the value at the time of the fire and the cost of new machines of the same type. They are not issued freely, as they infringe the principle of indemnity and are obtainable only by firms well known to the company. They are always subject to average.

Rating. Fire insurance rates vary according to the risk of the outbreak of fire and the chances of its spreading. The chief points taken into consideration are the construction of the building, its lighting, heating, height, and cubical contents, the trade or trades carried on in it, the number of tenants, the exposure hazard, i.e., the risk of fire spreading to it from neighbouring premises and the cleanliness and other evidences of good or bad management. It is consequently often within the power of the insured to secure a reduction in his

premiums by eliminating some elements of hazard. (See FIRE PREVENTION)

Adjustment of Losses. On the occurrence of a fire the policyholder is under an obligation to do all he can to extinguish it, which he usually attempts by means of a fire brigade, and to protect the salvage from further damage, acting, indeed, as he would in his own interests if he were not insured. The conditions of the policy require that he "shall forthwith give notice thereof in writing to the company and shall within thirty days after such destruction or damage, or such further time as the company may in writing allow, at his own expense deliver to the company a claim in writing containing as particular an account as may be reasonably practicable of the several articles or portions of property destroyed or damaged." The words italicised are of interest and importance, but do not need comment.

The claim can usually be best drawn up by the insured himself, with the assistance, if needed, of his ordinary professional and trade advisers. It is quite unnecessary to pay 10 per cent of the loss, or any other percentage of it, to the so-called "loss assessor" who, if the fire is at all serious, will proffer his services—frequently before the flames are extinguished. The adjustment of the losses is sometimes undertaken by officials of insurance companies, but more often it is placed in the hands of professional loss assessors, who are themselves, or employ, experts in the valuation of the damaged property. The function of these assessors is not to cut down a claim to a minimum, but to arrive at the true measure of loss suffered by the policyholder and to arrange a settlement which is fair to him as well as to the insurer. In this they are as a whole remarkably successful, the number of serious disputes being exceedingly small in proportion to the number of losses handled.

An insurance company may reinstate a damaged building, but it cannot be compelled to do so and almost invariably it elects to make a cash payment. Interested third parties, however, such as mortgagees and ground landlords, can compel the company to withhold payment until the work of reinstatement is actually completed or security is given that it will be done. The insured cannot abandon salvage to the company, which, however, may take it over and realise it if it so wishes.

In the event of the claimant having a right of recovery against a third party, such as a claim under the Railway Fires Act or against some person whose negligence caused the outbreak, the company can pay the loss to its policyholder and "take subrogation," that is, take over his rights of action and sue or take other steps, in the policyholder's name, to recover the amount it has paid. (See SUBROGATION)

In the event of the insured and the company failing to reach a settlement, the claim must be referred to arbitration before recourse can be had to the courts. The provisions of the Arbitration Act, for the time being in force, apply: witnesses can be called by subpoena, are examined on oath, and all necessary books and documents must be produced. The arbitrator is usually a barrister experienced in insurance law, and he may give an award on the whole case or may decide on facts and refer points of law to the courts. The "arbitration clause" in the policy inflicts no hardship on the insured and it protects the companies against frivolous or malicious claims. Costs are at the discretion of the arbitrator.

Should the company repudiate a claim on the ground that it falls within one of the "exceptions" set out in the policy, the onus of proof that the contention is correct rests on the company.

Days of Grace. Fifteen days of grace are allowed for the renewal of policies which run for a term of twelve months or more. If, however, a fire occurs during the days of grace and arrangements are in progress for the transfer of the insurance to another company, the protection is not operative and the policy will be held to have lapsed at four o'clock in the afternoon of the actual expiry date mentioned in it.

Foreign Insurances. The above notes refer to "Home" insurances, as those on property in Great Britain and Ireland are called, but London is by far the most important insurance centre in the world and risks in any part of the world can be placed there. The rates and conditions naturally vary greatly, but as a general rule it may be said that the policy issued in this country will give the same terms as would have been obtainable had the insurance been effected in the country concerned.

FIRE, KEEPING SAFE FROM.—A person on whose premises a fire started was, at common law, responsible for all damage that might occur, even though the fire was not due to any negligence on his part. If, however, he could trace the fire to the unauthorised act of a stranger, he escaped liability. By the Metropolitan Building Act, 1774 (which applies to the whole country, and not only to London), the owner of premises on which a fire accidentally begins is freed from responsibility; but it appears that the owner, if he lights a fire on his premises, must keep it in at his peril, and will be answerable if it spreads and does damage to another person. There is an exception to this liability if the fire is kindled in pursuance of statutory powers. Thus, if a railway company works its line properly, taking all reasonable precautions, and sparks escape and do damage, the company is not liable. It is provided, however, by the Railway Fires Act, 1905, that the fact that a locomotive is being worked under such statutory powers is not to affect liability for damage to agricultural land or crops up to £100.

Provisions have been made from time to time by the legislature with a view to diminishing the number of fires, the law varying with the locality.

In urban districts the subject is dealt with by the Town Police Clauses Act, 1847, which provides that every person who wilfully sets fire to a chimney within the district is liable to a summary penalty of £5, in addition to any liability to indictment for arson. If any chimney within the district accidentally catches fire, the Act renders the person occupying or using the premises liable to a penalty not exceeding 10s., but the forfeiture is not to be incurred if such person proves that the fire was in no wise due to the omission, neglect, or carelessness of himself or his servant.

In rural districts these provisions only apply if they have been put in force by an order of the Ministry of Health.

These provisions apply with increased stringency in the metropolises, a 20s. fine being imposed for allowing chimneys to be on fire. The London Building Acts, 1894 to 1908, also contain various provisions as to fire, the most important being Section 7 of the Act of 1905, to the effect that every building having the floor of any storey at

a greater height than 50 ft. above the adjacent footway, and every building occupied, constructed, adopted, or used for the occupation or employment therein of more than twenty persons, must be provided, in accordance with plans approved by the county council, with all reasonable means of escape from fire. It is for the purpose of seeing that proper precautions are taken against fire that notices are required to be served on the District Surveyor. The Act also empowers the council to serve notice on owners of buildings of these classes existing at the date of the Act requiring them to provide proper and sufficient means of escape from fire, and the owner must, subject to a power of appeal, comply with the terms of the notice.

FIRE PREVENTION AND EXTINCTION.—With few exceptions, accidental outbreaks of fire are the results of failure in care or foresight. Some arise from causes which are beyond immediate control, but the immense majority could and should be prevented. The loss which they inflict on individuals and the community is so great that every reasonable precaution is justified (See FIRE WASTE).

In any list of causes of fires covering twelve months' experience in a great city, "light thrown down" will account for far more than any one other cause, and it is probably also the cause of a large proportion of the fires which are returned as "unknown." For most of these lights, smokers are said to be responsible. Other large groups of fires are the result of sparks from fires and chimneys, overheating of stoves and other heating appliances, defects in the setting of stoves and in chimneys, hearths, the use and misuse of mineral oils and spirits, and electrical defects. In private houses, careless airing of clothes is a prolific cause of small outbreaks and occasionally leads to serious fires. It will be seen that nearly all these fires might be prevented by the use of common sense. Care in the use of fires, lights, gas, paraffin and petrol, good workmanship and the occasional examination of fittings and appliances will remove many dangers.

In factories, the elementary precautions of preventing the accumulation of waste, of attention to lubrication, and to lighting, heating, and power installations, and to the storage of hazardous goods (preferably away from the main building) will do much towards reducing the annual wastage from fire. The provision of metal receptacles for oily and greasy waste, which have a tendency to heat spontaneously, is another precaution too often neglected.

It is a truism to say that every fire has a small beginning, and that in its first stage it could easily be extinguished. This fact is recognised in tangible fashion by insurance companies, who allow discounts for first-aid appliances. Of these, buckets of water, or of sand where spirit is used, are valuable, for everybody knows how to use them. They should be examined weekly and never be used for other than fire extinguishment. It is not easy, however, to direct the contents of a bucket straight into the heart of a fire, or above one's head, and chemical extinguishers are on the whole more effective, subject to their being examined from time to time and kept in proper order. Chemical fire engines of various types are obtainable and can be put to good use, and in large buildings, hydrants and hose, with or without pumping engines, may be usefully installed, provided that they are tested at frequent intervals and that men are trained to

their use. The local fire brigade will often undertake both tasks. The insurance company will require two or more fire plugs or hydrants to be placed in the yard of the building protected, and it likes to have one at least on each floor. It also requires an adequate constant supply of water from public waterworks, elevated reservoir or other independent source.

The most effective protection to a factory or warehouse is undoubtedly a system of automatic sprinklers, with outside drenchers in congested districts. They are naturally costly to install, but the discounts allowed by the insurance companies are substantial, varying according to the details of the installation and the nature of the trade carried on. In all cases, buckets or chemical extinguishers must be provided in addition to the sprinklers before the discount is obtainable.

Automatic fire alarms, although they do nothing to extinguish fire, have value in that they sometimes give the first alarm and enable the fire brigade to reach the scene earlier than they would otherwise have done.

Opinion in insurance circles differs as to the value of night watchmen. Trustworthy men, controlled by bell-tale clocks, are useful, but serious fires have sometimes been caused by the watchmen employed to guard against them. Smoking on patrol should be strictly prohibited.

On the occurrence of a fire, available appliances should at once be used and simultaneously an alarm should be given to the fire brigade. Every minute is of value and many fires have got out of control owing to reliance on first-aid appliances leading to delay in calling for fire brigade assistance (See DRENCHERS, FIRE ALARM, FIRE EXTINGUISHERS, SPRINKLERS).

FIRE WASTE.—By this term is meant the loss sustained as the result of the destruction of property by fire. The recent Royal Commission on Fire Brigades and Fire Prevention estimated that the average annual monetary loss in Great Britain through fire amounted to about £12,000,000. In the United States the annual fire waste is stated by the National Board of Fire Underwriters to exceed \$500,000,000. These figures represent the amount of the direct, material damage only. To them must be added, if the total national loss is to be ascertained, not merely the incalculable artistic and cultural loss resulting from the destruction of art treasures, historic buildings, and the like, but the many consequential industrial and economic losses which follow fire, such as the loss of wages and consequently of spending power, incurred by workpeople thrown out of employment. This loss is only in part compensated for by the increase in the amount of wages paid to workpeople in factories to which orders are diverted, for the whole process of industry is slowed down by a fire, in greater or less degree according to its extent and to the nature of the property destroyed. The fact that the buildings and goods are replaced by means of money provided under contracts of insurance does not avoid the national loss, for property which is burnt can never be recovered, whether other property is substituted for it or not. The Royal Commission was, therefore, fully justified in saying that "fire waste is a national loss, absolute and beyond recovery, like time that has passed, but expenditure that prevents such waste is reproductive and is, therefore, true economy."

FIRKIN.—An old measure of capacity, the

fourth part of a barrel, equivalent to 9 imperial gallons

FIRM.—The collective name of a number of persons who carry on a partnership business. The number of persons must not exceed twenty in any case, and if the business is a banking one, ten, unless registered under the Companies Acts, 1908 to 1917. In legal proceedings the firm name may always be used instead of the individual name of the partners, even when the business is carried on by one person in some name or under some style which is not his own. But no order of adjudication in bankruptcy is made against a firm in the firm name, but against each partner individually. (See **BUSINESS NAMES, REGISTRATION OF**.)

In Scotland, a firm is a legal person distinct from the partners. (See **Section 4 of the Partnership Act, 1890**.)

FIRM NAME.—(See **FIRM**.)

FIRM OFFER.—A definite offer, as where a person states that he is prepared to purchase a certain property at a specified price.

FIRS.—Cone-bearing trees of various species. The Norway spruce fir is the most widely distributed. It is found from the Arctic circle to the Alps, where it grows at a great altitude. Its leaves, like those of the other species, are evergreen, and the tree itself is lofty and hardy. In addition to its timber (known commercially as "white deal," and used for masts and for numerous other purposes), the spruce fir yields resin, tar, turpentine, lamp-black, and Burgundy pitch. Yellow deal is obtained from the Scotch fir, from which tar is also distilled. The California pine is another variety noted for its timber, and the Canadian fir yields "Canada balsam," and is also the source of spruce beer.

FIRST-AID EQUIPMENT.—In every shop, office, or factory, where a number of people are employed, there should be facilities for rendering first-aid, the nature of the work and the number of people employed determining to what extent these shall be provided. In the average shop or office risk of accident is very slight, such accidents as do occur being usually occasioned by stumbles and short falls (*e.g.*, from a pair of steps), resulting in sprains and bruises which are relieved by the application of embrocation. In the hot weather, and particularly where women are employed, fainting is sometimes prevalent, and although this can be minimized by good ventilation and the installation of electric fans, it is well for the first-aid equipment to include such items as smelling salts and salvolatile. In the retail shop these should be at the disposal of customers. As the majority of people are subject to colds, and as colds are infectious, remedies and preventives should also be included.

In the factory, and particularly where power-driven machinery is employed, the first-aid equipment must be much more extensive, and although really serious accidents may be comparatively rare, provision must be made for rendering first-aid to the victim pending the arrival of a doctor, or the removal of the person to a hospital. In many large factories there is a properly equipped surgery, controlled by a qualified medical man with the requisite number of skilled nurses, who are competent to undertake even the most serious cases. Here the doctor can assume full responsibility, and decide whether or not further treatment at a hospital is necessary. In each department (or group of departments) there is a certificated "first-aid" man (usually a workman) who can deal with all

minor cases, and refer to the doctor whenever necessary.

In the great majority of factories, however, this service is too expensive to be maintained, and it is usual to have a voluntary first-aid service, one of the workmen (or foreman) assuming control, and having such assistance as may be considered necessary. No matter how small the service may be, however, the man in charge should hold a first-aid certificate, and many firms gladly pay all expenses to enable a man to qualify. It is not wise to place the first-aid equipment in charge of an uncertificated man, no matter how competent he may be, for in the event of a mistake made the consequences are likely to be serious for the firm.

When this service is maintained, however, it must be understood that it is for the purpose of rendering first-aid only, and does not purport to be a complete medical service. The first-aid man deals with each case on its merits, and any one which he regards as serious, or is liable to complications, is after treatment sent to a doctor or a hospital. Most of the cases consist of cuts, bruises, and abrasions, and the equipment must, therefore, include washing facilities, boracic lint, iodine, bandages, etc. Cleanliness is absolutely essential, and when it is remembered that usually the first-aid man is a workman, normally engaged upon a task which makes his hands dirty, it will be appreciated that he may make his "case" worse instead of better, unless adequate washing facilities are provided, and he is compelled to make use of them.

In every factory, no matter how small, a certain amount of privacy should be ensured to first-aid treatment, and if a room cannot be reserved, then a section of a department should be screened off and utilized for this purpose. Here should be kept the first-aid cabinet, with all the utensils and appliances ready to hand. Sitting accommodation, too, should be provided, and the first-aid section should have direct access to the outside of the building, so that there is a good supply of fresh air, while drinking water should be readily available.

There should be a reserve of medical supplies always in stock, the range being governed by the extent of the service maintained. A qualified first-aid man will not, as a rule, attempt anything he is not competent to perform, and so he limits his range of supplies to those he can make use of. If first-aid only is undertaken, provision is made for the stocking of such items as restoratives in the case of fainting and sudden illness, and the necessaries for treating minor accidents. Splints, however, should always be held in reserve, for they may be wanted at any time. All accidents treated, no matter how trivial, should be recorded in detail, and the first-aid man should be given a book for this purpose, while the more serious accidents are recorded in the official accident book. Workpeople should be encouraged to have all scratches and cuts treated, there is a tendency on the part of some people to ignore what they consider to be insignificant damage, until complications set in, and then there is trouble for everyone concerned. Not even the smallest of factories should be without a first-aid equipment, it saves its cost many times over in the course of a year.

FIRST-AID OUTFITS.—The Factory Acts make it obligatory upon all employers of labour in factories and workshops to provide a first-aid outfit, with a responsible person in charge, and where the number of persons employed exceeds 150 an

additional first-aid box for every additional 150 employees.

FIRST-CLASS PAPER.—In the money market, a phrase given to bills, drafts, promissory notes, and similar documents, which bear the names of well-known houses or financiers as acceptors or indorsers. Consols, exchequer bills and bonds, and Treasury bills and bonds, being guaranteed by the Government, are included under this head.

FIRST HAND.—A term which is applied to all goods that are obtained direct from the maker, importer, or wholesale dealer.

FIRST LOSS POLICY.—A term used in Burglary insurance to denote a policy under which it is agreed to pay losses up to a certain amount though the value of the insured property may be considerably larger, there being no average clause. For instance, property of £50,000 may be insured to pay a first loss of £5,000.

FIRST OF EXCHANGE.—(See FOREIGN BILL.)

FIRST OFFENDERS.—The old rigour of the criminal law has been gradually relaxed, and a great forward step was taken by the Probation of First Offenders Act, 1887, which provided that where a person was convicted for a first time of certain offences, such as larceny, false pretences, or any other offence punishable with not more than two years' imprisonment, the court of summary jurisdiction before whom the offender was brought might, instead of inflicting punishment, put him upon probation for a certain period, subject to any conditions it cared to impose. The great idea of this Act was to avoid the chance of the criminal taint. Of course, any failure on the part of the probationer to fulfil the conditions imposed upon him renders him liable to arrest on a warrant issued for that purpose.

The Act of 1887 was repealed and its main provisions re-enacted and expanded by the Probation of Offenders Act, 1907, under which very wide powers are now conferred for dealing with matters of a criminal nature when the person charged is not one of the recognised criminal classes.

FISCAL YEAR.—The financial books of the British Government are balanced up to the 5th of April, and the period from one balance day to another is called the fiscal year.

FISH OIL.—An oil obtained from surplus fish by a steaming process, and used as an adulterant or cheap substitute for linseed oil in the manufacture of paint. The lower grades of oil are used as a dressing for leather and ropes, also in the manufacture of soap and printing inks. There is a large demand for pichard oil for tempering metals, and in the manufacture of lubricants, fine soaps, enamels, leather, etc. A large industry in the extraction of this oil is carried on along the coast of British Columbia. The oils from the shark, dugong, seal, and whale, used as lubricants are sometimes classed as fish oils.

FITPAGE.—A term used in certain trades for a commission or brokerage.

FITTER.—A fitter is a person who puts together the various parts of machinery. In the coal trade a fitter is the manager or salesman of coal for a colliery—not necessarily at the mine—who arranges sales and the loading of boats with coal.

FIUME.—The city of Fiume and its suburbs, lie on the River Rēcina in the north-east corner of the Gulf of Quarnero at the north-eastern extremity of the Adriatic. From ancient times a seaport and centre of coastwise trade, known in the Middle Ages

as St. Vitus in Fulmine, Fiume rose to greatness as a commercial centre in the nineteenth century under Hungarian organisation, becoming autonomous under the Hungarian kingdom in 1870. Long a bone of contention between Italy and Austro-Hungary, and recently between Italy and Jugo-Slavia, the city passed into the hands of the Italians on January 27, 1924, by treaty with Jugo-Slavia.

With its suburbs, Fiume occupies an area of about 11 square miles, and has a population of 50,000, the majority of whom are Italians. Its suburb, Susak, on the opposite bank of the Rēcina, is inhabited mainly by Croats. The limestone hills behind the town are narrower and easier to cross than elsewhere, and hence, after railway connection was made with Buda-Pest and Vienna, and harbour-works had been constructed, Fiume became the great Hungarian port. It has several harbours—the Fiumara canal for coasting vessels, the Baroso harbour, the main harbour, protected by a mole; and the free and petroleum harbours to the west. Among its industries are distilleries, and petroleum refineries and mills, and there are valuable fisheries in the Bay of Quarnero. It trades in fruits, chemicals, and soap.

Of great strategical value to Italy, Fiume is also the natural port of Hungary and northern Jugo-Slavia, and should, by friendly arrangements between Italy on the one side and Hungary and Jugo-Slavia on the other, develop rapidly as a port.

FIXED ASSETS.—The assets of a business which are essential to carrying on the business, but which are not those which come into the everyday operations in the course of its trading. In an ordinary business these will comprise land, buildings, machinery, plant, fixtures and fittings, etc.; but those assets which may be fixed in one business may be floating assets in another business, e.g., buildings would be the floating assets of a dealer in property, and machinery in the case of a machinery merchant. They may be further divided into those which are permanent and those which are wasting, the former including those which are of practically permanent value, and the latter those which are used in the case of manufacturing, etc., and on which, although they may be maintained through revenue, there is an avoidable wastage. (See ASSETS.)

FIXED CAPITAL.—That section of the capital which is represented by assets of permanent value which are held continuously, and are used for the purpose of earning profit. (See FIXED ASSETS.)

FIXED CHARGE.—The debentures or the debenture stock of a joint-stock company are secured upon the property of the company, and this is accomplished either by a fixed charge, or by a floating charge. In the case of a fixed charge, the property is generally vested, by a trust deed, in trustees for the debenture holders or the debenture stockholders, and then no other person can obtain a prior charge over the property. (See DEBENTURES.)

FIXED DEPOSIT.—This is a deposit made with a bank, for which a receipt is given, and the amount of which is repayable upon or at a certain fixed date. The interest allowed upon such a deposit is invariably higher than that upon an ordinary deposit repayable at short notice.

FIXED OILS.—Fixed or fatty oils are those from which no vapour passes off at the temperature of boiling water. Olive, linseed, palm, cotton, and poppy seed oils are examples of commercial

importance Volatile oils are known in trade as essential oils

FIXTURES.—In a general way, fixtures may be defined as articles of a personal nature which have become affixed to land, and which are in a legal sense, *primâ facie* changed from personality to reality. The maxim of law upon which this principle is founded is thus—whatever is placed on the soil becomes part of the soil, its Latin form being *quidquid plantatur in solo solo cedit*.

In feudal times the maxim of law was applied very literally. Real property alone was considered to be of any importance, personality was altogether secondary, and if the latter could be exploited for the benefit of the former, so much the better. The result was that when anything became affixed to the soil or attached to it in any form, the owner of the chattel was presumed to have given up his property in the same for the advantage of the landowner, and the landowner became the owner of the fixture, as it was called. Gradually, in the interest of trade more especially, the strict rule has been relaxed in modern times, and considerable limitations placed upon the old definition of a fixture.

There are various classes of people between whom difficulties may arise as to the ownership of fixtures. The chief of these, and the only ones that need consideration in the present article are: (1) The devisee of an estate and the personal representative or representatives of the deceased, and (2) a landlord and his tenant. Many years ago a test was set up by means of which the ownership of fixtures in the former case could be decided, viz., Did the person who annexed the chattel to the land do so with the intention of incorporating the same with the property? If such was the intention when the chattel was annexed to the reality, or even at a later date, the chattel is a part of the reality and passes to the devisee. If, on the other hand, there was no such intention, the chattel passes to the personal representatives of the deceased. It is impossible to frame any general rules to meet all instances, and the circumstances of each case must be considered before an inference can be drawn as to the intention with which the annexation was made.

This question was much discussed in the case of *Leigh v. Taylor*, 1902, App Cas 157, which was before the courts in various forms. The head-note of the case is as follows: "Chattels (such as tapestries) affixed by a tenant for life to the walls of a house for the purpose of ornament and the better enjoyment of them as chattels are, as against the remainderman, removable by the tenant for life, or by his executor after his death, even though they have been fixed as firmly as they would have been if it had been intended to annex them permanently to the freehold. The purpose of the annexation is to be inferred from the circumstances of each case." These tapestries, which had been purchased by the tenant for life of freehold estates, were affixed by such tenant to the walls of the drawing-room in the mansion house. Strips of wood were placed over the paper which covered the walls, and were fastened by nails to the walls. Canvas was then stretched over the strips of wood and nailed to them, and the tapestries were then stretched over the canvas and fastened by tacks to it and the pieces of wood. Mouldings, resting on the surface of the wall and fastened to it, were placed round each piece of tapestry. Portions of

the walls which were not covered by the tapestries were covered with canvas, which was coloured or painted so as to harmonise with the tapestries. On these facts it was held that the tapestries had been thus affixed for the purpose of ornamentation and the better enjoyment of them as chattels, and that on the death of the tenant for life they did not pass with the freehold to the remainderman, but formed part of the personal estate of the tenant for life, and could be removed by the executor, and that the executor ought to pay the expense of making good the damage done in removing the tapestries, but that he was not bound to pay the cost of redecorating the room.

It is useful to compare this case with the more recent decision in *In re Whaley*, 1908, 1 Ch. 615. The following is the head-note: The testator in his lifetime bought a house in which the former owner had fitted and decorated the dining-room as a perfect specimen of an Elizabethan room. As part of the scheme of decoration certain pieces of tapestry had been fixed to the walls by being nailed upon wooden frames, which were kept in their place by the mouldings of an oak dado and frieze above it, which were fastened to the wall by screws. A picture of Queen Elizabeth, attributed to Zuccheri, painted on wood, was similarly fixed in its place over the fireplace by the mouldings of an overmantel, which had apparently been constructed for the picture. The picture and tapestries were bought by the testator as part of the house and included in its price. The testator by his will gave his wife all the furniture and chattels in the house, and devised the house to trustees upon trust to permit her to reside there during widowhood, and then upon trusts under which his grandson had become absolutely entitled. It was held, in the circumstances of the case, that the picture and tapestry, having been fixed as part of a general scheme of decoration and not for their better enjoyment as chattels, passed under the devise of the house and not under the gift of chattels, *et*, they were held to be fixtures.

As between landlord and tenant, the question of fixtures is of a much more extensive and complicated character. The chattels annexed to or placed upon the reality may have been so annexed or placed by either the landlord or the tenant. (If they are there through the action of a third party, it is presumed that such third party was making a gift of them to the owner of the freehold.)

Landlord's fixtures are those chattels which have been placed upon the land by the landlord himself, either at the commencement or during the continuation of the tenancy, as well as those which have been placed there by the tenant, either under an agreement or otherwise, and which the tenant is not permitted to take away. Tenant's fixtures are practically all those chattels brought upon the land which are not included in the landlord's fixtures. They include the chattels which have been brought upon the land, and any movable buildings, machinery, etc., which have been erected for the purposes of trade, ornament, domestic use, agricultural purposes, etc., as well as anything which has been brought on the land or erected under a special agreement between the landlord and the tenant. The tenant's fixtures the tenant is entitled to remove and take away, within certain limitations, though the tendency nowadays is to favour the tenant's claim.

It is only in recent times that a tenant has been

permitted to remove fixtures set up by himself for the purpose of ornament or convenience. And at the present day, if any erection is in the nature of a permanent improvement of the premises, and there is no possibility of removal without some substantial damage being done to the freehold on account of such removal, the former rule of law remains in all its fullness, and the landlord is the owner of that which has been annexed. Again, a few illustrations drawn from decisions which have been given in cases decided in the courts may not be without interest, as they are actual examples. Among articles set up for ornament or convenience which may be removed, are looking-glasses, tapestry hangings, window-blinds, cornices, ornamental chimney-pieces, cupboards, bookcases, or brackets screwed to the walls, and gas-fittings. But it has been held that a verandah fixed to posts in the ground, greenhouses built in a garden, a boiler built in masonry for heating purposes, and a conservatory erected on a brick foundation and attached to a dwelling-house cannot be removed. A tenant who is not a gardener by trade cannot move a border of box planted during his tenancy without the permission of his landlord.

The rules of law as to the right of retention by the landlord of chattels brought on to and annexed to the freehold in the case of a tenant are subject to further exceptions when the question of trading arises. There then arises a new class of fixtures known as trade fixtures, which are obviously much wider than the ordinary tenant's fixtures. But, even then, the tenant has not the right to remove everything that has been set up. As in the case of a devisee and a remainderman or reversioner, the circumstances of the particular instance must be inquired into, and much will depend upon the permanency of the erection. And, even then, it will be found in practice that there must be considered the following three points: (a) Was the article of a chattel nature before it was put up? (b) Is it still of a chattel nature, although affixed to the freehold? and (c) can it be easily removed without any injury being done to itself or to the premises? If these can be answered in the affirmative, the tenant will have a right to remove, if not, the chattel will go to the landlord. The following fixtures have been allowed to be removed by a tenant: A soap-boiler's vats, fire-engines at a colliery, salt-pans fixed over furnaces in a brick frame, nursery trees, greenhouses and hothouses belonging to a market gardener, a hydraulic press fixed in bricks and mortar, and a fixed steam-engine and boilers. The exception to the general rule of law in favour of trade fixtures has been thus judiciously expressed: "An exception has long been established in favour of a tenant erecting fixtures for the purposes of trade, allowing him the privilege of removing them during the continuance of the term. When he brings any chattel to be used in his trade, and annexes it to the ground, it becomes a part of the freehold, but with a power as between himself and his landlord of bringing it back to the state of a chattel again by severing it from the soil."

The rights as to fixtures enjoyed by an agricultural tenant are much wider than the rights of an ordinary tenant. These are now set out in Section 21 of the Agricultural Holdings Act, 1908, which has replaced Section 34 of the Agricultural Holdings Act, 1883. The Section is as follows—

"(1) Any engine, machinery, fencing, or other fixture affixed to a holding by a tenant, and any

building erected by him thereon for which he is not under this Act or otherwise entitled to compensation, and which is not so affixed or erected in pursuance of some obligation in that behalf, or instead of some fixture or building belonging to the landlord, shall be the property of and removable by the tenant before or within a reasonable time after the determination of the tenancy. Provided that—

"(a) Before the removal of any fixture or building, the tenant shall pay all rent owing by him, and shall perform or satisfy all other of his obligations to the landlord in respect to the holding;

"(b) In the removal of any fixture or building, the tenant shall not do any avoidable damage to any other building or other part of the holding;

"(c) Immediately after the removal of any fixture or building, the tenant shall make good all damage occasioned to any other building, or other part of the holding, by the removal;

"(d) The tenant shall not remove any fixture or building without giving one month's previous notice in writing to the landlord of the intention of the tenant to remove it;

"(e) At any time before the expiration of the notice of removal the landlord, by notice in writing given by him to the tenant, may elect to purchase any fixture or building comprised in the notice of removal, and any fixture or building thus elected to be purchased shall be left by the tenant, and shall become the property of the landlord, who shall pay the tenant the fair value thereof to an incoming tenant of the holding, and any difference as to the value shall be settled by arbitration.

"(2) The provisions of this Section shall apply to a fixture or building acquired since the thirty-first day of December, nineteen hundred, by a tenant in like manner as they apply to a fixture or building affixed or erected by a tenant, but shall not apply to any fixture or building affixed or erected before the first day of January, eighteen hundred and eighty-four."

Similar rights are given to allotment tenants by the Allotment Act, 1907, and the corresponding rights of market gardeners, first given by the Market Gardeners Compensation Act, 1895, are now contained in the Agricultural Holdings Act, 1908, which repeals and practically re-enacts the particular Sections of the Act of 1895.

Where there exists the right on the part of the tenant to remove fixtures, the removal must take place before the termination of the tenancy, even though the term is put an end to by forfeiture and not by effluxion of time. Otherwise it is a presumption of law that the tenant has made a present of them to the landlord. And if the tenant holds over wrongfully after the termination of his tenancy he cannot then remove his so-called fixtures. This rule is construed with the utmost strictness. In one case it was held that it applied even though the fixtures remained on the premises by the parol consent of the landlord. Of course, if there was such a parol consent on the part of the landlord, the tenant might have a right of action for the value of the fixtures against the landlord if the latter subsequently refused permission to remove them, but the permission would confer no right upon the tenant as against the mortgagees of the landlord, if the mortgagees were no parties to

the permission and they refused to allow their removal.

As between an outgoing and an incoming tenant, there is generally an agreement entered into that the latter shall take over the fixtures of the former at a valuation. It is always desirable that, if such an arrangement is made, the landlord should be made a party to it, otherwise the landlord might set up a claim to the fixtures on the ground that the outgoing tenant had forfeited any right to them by not removing them, and then the incoming tenant would not be able to remove them at the end of his term.

On the sale of a freehold estate the fixtures pass from the vendor to the purchaser, unless there is an express agreement to the contrary. And the same is the rule in the case of a mortgage. But, even then, an exception may arise in case of trade fixtures. Thus, in the case of *Lyon & Company v London City and Midland Bank*, 1903, 2 K B 135, chairs were hired from the plaintiffs for use in a building by the owner and occupier of the same under an agreement for hire containing an option of purchase which was never exercised. The chairs were fastened to the floor of the building by means of screws, in accordance with the requirements of the local authority. It was held that the chairs did not cease to be chattels because they were screwed down to the floor, and that the property in them did not pass as against the plaintiffs to the mortgagee of the freehold under a mortgage of the building and the fixtures.

A contract for the sale of fixtures does not fall within Section 4 of the Statute of Frauds and, therefore, does not require to be evidenced by a memorandum in writing.

As to remedies in the case of fixtures. If the landlord refuses to allow their removal by the tenant, the latter has a right of action for detinue, and can claim the chattels or their value. If the tenant removes wrongfully, the landlord's action is for waste or for breach of covenant if any agreement has in fact been entered into with respect to the fixtures.

FLAGSTONES.—A comprehensive name for various sandstones, limestones, etc., which break up easily into large, flat slabs. They generally contain argillaceous and calcareous matter. The Carthness flagstones are noted for their durability, and have been much used for paving not only in England, but also on the Continent. Other well-known quarries are at Thurso, at Festnig, in North Wales, and in Yorkshire, the last-named being noted for the hardness of the slabs, while evenness of grain is the characteristic of the Welsh product.

FLANNEL.—A soft, woollen fabric of open texture, of great value for underclothing. The best is obtained from the wool of the Welsh mountain sheep, and its superiority is said to be due to the fact that it is still largely produced by hand labour. Newtown, Welshpool, and Llangollen are the centres of the Welsh industry. Bury and Rochdale in Lancashire, and Leeds and Halifax in Yorkshire, are the other important towns engaged in the manufacture of flannel. Flannel shirtings come chiefly from the Scotch town of Auchterarder, and fine dyed varieties are imported from France. The United States also produce large quantities of flannels.

FLASH POINT.—This indicates the temperature registered by the thermometer at which oil gives off

explosive vapour. Thus, when oil is said to have a flash point of 80° or 100°, it is meant that if oil is heated to that degree it becomes inflammable by reason of the vapour which is then given off by it.

FLAT COST.—In costing (see *COST ACCOUNTS*, *COSTING*), the cost of labour (*i.e.*, the amount of productive wages paid) plus the cost of raw materials, with all charges thereon, such as carriage inwards, freight, dock dues, etc., is called the flat cost. (See also *PRIME COST*.)

FLATS.—The distinction between a flat and an ordinary house is a physical fact, not one of definition in law. A flat is a separate structural part of a larger building which is composed of a number of such separate parts or flats; and usually they are built one above another, instead of standing side by side as ordinary houses or buildings do. Both kinds of buildings are tenements, freehold or leasehold, which may be owned, let, occupied, and rated in the same way, but the peculiar physical character of flats gives rise to certain special legal difficulties. Therefore particular decisions and rules of law are to be found about flats, and different kinds of agreements for sale or letting, or conveyances on sale, have to be made. Perhaps it may not be more important in taking or letting a flat than it is in taking or letting an ordinary house, to make a contract in writing containing suitable clauses, but at any rate the same kind of contract is not proper for both.

There are two classes of flats. The one is where the whole building is in one ownership, usually a company, and the landlord lets out the various flats to tenants. The other class is where each separate flat is under different ownership; but this, though a common system in Scotland, is not usual in England. The owner of the whole building who lets the flats to various tenants, retains in his own possession and control all such parts of the building as are necessary for the general use of the tenants, and not in the exclusive occupation of any one of them. Such are the common roof and foundations, the courtyard and hall, the staircase, the lifts, and the water and drain pipes. As these are necessary for the tenants using their flats, there is an implied term in every tenant's agreement that the landlord will keep these common parts in a proper state of repair, and that there shall be a free right of passage through hall and staircase to the tenant's own flat. If the building has front or back grounds common to the building, as, for instance, gardens, the right to use them by the tenants may depend either on the rules of the estate, which would be embodied in the contracts, or on the particular agreements between the landlord and tenants.

Taking the case of a conveyance on sale of a flat where the ground is not conveyed, the freehold of the flat (if an upper storey) may be conveyed, but if the flat is destroyed it is generally held that the freehold estate is destroyed with it. What in this case might be the respective rights of the owner of the soil, and the other owners who wished to enter and re-construct their flats, might give rise to difficult questions, which need not be considered here. It is a matter which has naturally received more judicial consideration in Scotland. As in England the main questions as to flats arise out of the relations between landlord and tenant, we shall consider these mainly.

Agreements in Writing. Except for very short terms, such as a weekly letting, it is obvious that

it is desirable to have an agreement in writing setting out special terms. But the law as to the necessity for writing in the case of leases is the same for flats as for any other houses. Suppose a flat is agreed to be let for three months, or any other term. As this is a contract relating to an interest in land, it must be in writing (See under FRAUDS, STATUTE OF). Such a contract, however, would be good without writing if the tenant actually entered into occupation under the oral agreement with the landlord. But nothing less than taking possession will do, not even payment of rent in advance (*Thursby v Eccles*, 1901, 70 L J Q B 91, which arose out of the letting of a furnished flat). If the agreement is for longer than three years, it must be by deed.

Implied Terms. Apart from the special agreement which may be made with varying terms, according to the nature of the flat, as to which the practical advice of professional men familiar with such subjects is usually desirable, the law will imply certain terms in the case of flats, that is, as if no other terms were made than just the agreement about rent. The courts would understand it to be made on certain conditions that are not expressed. Thus we said above that the landlord impliedly contracts with each tenant that he shall have the right to use whatever is not demised to him individually, but which is necessary for the enjoyment of the flat. But we must also add that the tenant has a right to have his flat supported by the storey below, which is not to be allowed to get so out of repair as to endanger the flat above. That is, a covenant or agreement may be implied on the part of the landlord that the tenant shall have the support necessary; and if the landlord wants to cover himself from the liability he must get the tenant of the under flat to agree to keep his flat in such sufficient repair as to be a support to the upper flat. But the law on this liability of the landlord is not so certain that it can be left safely without expressing it in the agreement, should there be any practical reason for insisting on the liability being made clear.

An implied covenant or agreement on the part of the tenant is to pay the rent during the whole term of the tenancy, even if the flat is destroyed, as by fire. To guard against this liability, it is necessary that the tenant should qualify his covenant or agreement. This precaution is more necessary in the case of flats than in separate houses, as a tenant is so much at the mercy of the other tenants.

Also in letting unfurnished flats, as in letting unfurnished ordinary houses, there is no implied covenant that the premises are fit for occupation. Nor is there such a covenant that the landlord will do any repairs. So that in regard to both these matters, the tenant must protect himself by obtaining an express covenant from the landlord to do what he considers desirable on taking the flat. This exemption of the landlord from any obligation to repair applies also to the approaches to the flat, which he retains in his own possession and control. But it must be remarked that accidents may occur, either to the tenants or to outside members of the public who come to the flats, which may be due to the landlord not keeping these approaches in proper condition. We shall consider this below.

It is implied, therefore, that a tenant takes an unfurnished flat with whatever defects it may have at the time; but as he also takes the building as it is constructed, so it is on the implied term that

it shall not be altered to his disadvantage without his consent. While a tenant was away a landlord, without his consent, removed the staircase and made the access to the tenant's rooms by another less convenient for him. An injunction was granted to the tenant ordering the landlord to reneat the staircase (*Allport v. The Securities Corporation*, 1895, 64 L J Ch 491).

A tenant held a residential flat under an agreement in a common form binding the tenants to rules suitable only for residential purposes. The landlord began to convert a large part of the building into a club, but the tenant obtained an injunction to restrain him (*Hudson v. Cripps*, 1896, 1 Ch 265). In another case a tenant was given damages when the landlord turned some of the flats into a hotel, as this was a departure from the scheme of residential flats (*Alexander v. Manions Co., Ltd.*, 1900, 16 T L R 431). There was a similar implied covenant, too, by the landlord where the tenants of the flats had agreed not to use them for any but residential purposes. The landlord was not entitled, though he had entered into no covenant prohibiting him, to let some flats in the building for Government offices (*Gedge v. Bartlett*, 1900, 17 T L R 43). In some of these cases an injunction or damages have been given, and in others both. It depends on the view the court takes of the circumstances, and no general statement can be made.

Express Covenants or Agreements. As has been said, the express covenants vary so much, according to the particular character of the flats and the physical conditions, that the advice of a skilled person is required, at least by the tenant, who is usually the more inexperienced. But we may point out that in reference to the top flat and the basement, particular points arise. As to the roof, the question of repairs must be considered. The tenant will hardly intend to make external repairs to the roof. It must be clearly laid down whether the landlord or the tenant is to have possession of the roof and who is to do the repairs. Besides, it is the rule of law, which we shall refer to again below, that if injury is caused to third parties by the state of the premises, it is *prima facie* the tenant who is liable. The same reason makes care about defining the terms as to the basement flat specially necessary. It should be settled who is to be the occupier of the area and whose is the liability to repair it and the railings and gratings, etc., abutting on the streets. There has been no special decision as to accidents arising out of the ill-repair of these parts of flats, but the ordinary rule would probably be applied, and there should be no ambiguity in the terms.

Injunction or damages according to circumstances may be granted for breach of express as of implied agreements. A tenant has been granted an injunction where the passenger lift has been used in a way not consistent with the terms of letting. But in a case where the landlord agreed to appoint a resident porter to take charge of the block of buildings and be the servant of the tenants, the court would not grant an injunction to prevent the breach of agreement continuing or order him to appoint a porter. The tenant's remedy was to sue for damages.

Questions arise out of express covenants between the conveyer of the land and the person who intends to build flats, as to the class of buildings which may be built on the land. If the builder covenanted not to build more than one building on the land

adapted and to be used as a private house, he cannot construct one large building of residential flats (*Rogers v Hosegood*, 1900, 2 Ch 388). But if the agreement or covenant is that only a fixed number of "houses" shall be built and no "house" be below a certain value, a building of the requisite value may be put on the land, though it is subdivided into flats of less value (*Kimber v Adams*, 1900, 1 Ch 412).

Responsibility for Accidents. The landlord is responsible for accidents which may happen to members of the public from his not keeping reasonably safe those parts of the building, *e.g.* the staircase, which he retains in his possession and control, and which the public in their dealings with the tenants, naturally use (*Miller v Hancock*, 1892, 2 Q B 177), but in *Groves v Western Mansions, Ltd.*, 1918, 33 T. L. R. 76, the tenant's wife did not recover damages for injury due to a defective staircase well known to her. For a tenant to recover something in the nature of a trap must be proved.

Thus the landlord was held responsible to tenants for damage to their property owing to an overflow of water from the gutters in the roof, over which the landlord retained possession and control. With due care the overflow might have been prevented; the landlord was liable for negligence (*Hargreaves & Co v Harlop*, 1905, 1 K B 472). But the landlord is not responsible in such a case where there is no negligence on his part. In flats supplied with water from a cistern which was not let to any one of the tenants, damage was caused to the tenants' goods by the bursting of a service pipe; but the jury found that the landlord was not guilty of negligence in keeping and repairing it, and the tenants could not recover their loss from him (*Anderson v Oppenheimer*, 1880, 5 Q B D, 602). Nor would the landlord be responsible if he employed a competent plumber in time to prevent the injury, and the plumber's negligence had led to the overflow (*Blake v Woolf*, 1898, 2 Q B 426). The landlord's duty is to take *reasonable care* to remedy defects.

It is hardly necessary to add that if damage is caused by the negligence of any of the tenants in using the common water supply or that under their exclusive control, they are liable under the ordinary law, and this includes also the negligence of their servants.

If the landlord has contracted with the tenant to do repairs on the premises in the tenant's occupation, he is not responsible for an accident to any other person who may be on the premises, even the tenant's wife, owing to the want of repairs (*Cavalier v Pope*, 1906, A C 428).

The landlord will not escape responsibility for keeping the parts in his possession and control in proper repair by entrusting the duty of looking after them and doing repairs to any other person, say, a contractor or builder who, in fact, neglects it. Nor is the tenant bound to give notice to the landlord of want of repair.

But the duty towards the public does not extend to those parts of the building under his control to which the public are not naturally expected to go, for instance, a flat roof, which is used as a drying ground by the tenants. And as to the tenants themselves, who use such a roof not under the agreement of tenancy as necessary to the enjoyment of their flats, but by the mere permission or licence of the landlord, he is not responsible for accidents happening to them owing to its defective condition.

Lodger or Tenant. There may be cases in which the occupier of a flat might be able to claim, as against a distant put in on the premises by a superior landlord, the protection of the Law of Distress Amendment Act, 1908. No comprehensive definition can be given of a lodger; and the relation of landlord and lodger is to be treated as one of fact. Take, as an instance, the following: A landlord, reserving a room in a house, lets the rest, but retains such control over it as is usually retained by masters of lodging-houses, yet he neither sleeps nor resides on the premises. The person to whom the rest is let acts as caretaker of the part reserved, has the right of exclusive occupation of the part unreserved, and has a separate access to it. In such an instance as this it has been found that the tenant is a lodger and enabled to claim the protection of the Act (*Ness v Stephenson*, 1882, 9 Q B D).

Questions of rating and the right to the franchise, which may arise out of the tenancy of flats, are outside the scope of this article.

FLATTING MILLS.—Flattening is the action or process of laying, pressing, or beating out flat, or of rolling metal into plates; and flattening mills are mills in which metal is rolled out by cylindrical pressure.

FLAVINE.—A yellow dye stuff, which, like most other dyes, has been superseded by the aniline colours. It is obtained from the bark of the quercitron, a species of American oak. Flavine is also the name of an organic compound chiefly used as an antiseptic.

FLAX.—The valuable fibre obtained principally from the *Linum usitatissimum*. It is found in the stem of the plant, and has to be separated by various processes (*e.g.*, retting, drying, and scutching) from the woody, gummy, and glutinous matters surrounding it. The flax is then ready for the linen factories. Brussels lace is made of the finest variety. Linseed oil is another important product of the flax plant, being obtained by pressure from the crushed seeds, which are afterwards made into oilcake and linseed meal. Carron oil, useful in the treatment of burns, is prepared by mixing linseed oil with boiling water. The flax plant grows largely in Russia, Austria, Belgium, France, Saxony, and Italy; but foreign competition has led to the decline of flax cultivation in Great Britain. In Ireland, however, considerable crops are still raised, and Belfast is the headquarters of the British linen industry, which is in all other parts dependent upon the flax imported from Russia and other continental countries. New Zealand flax is quite a different fibre. It is obtained from the leaf of the *Phormium tenax*, and is used for cordage and in basket-making. The quantity of mucilaginous matter it contains renders it difficult of preparation for finer purposes.

FLOATERS.—This term is used to signify first-class bearer securities, *e.g.*, Exchequer bonds, Treasury bills, etc., which bill brokers deposit with banks against money lent on call (*q.v.*). When the money which has been lent is called in by the lending banker, the broker is compelled to borrow from another bank, and thus his securities move, or, to use the common phrase, "float" about from one bank to another.

FLOATING ASSETS.—The assets which are dealt in in the ordinary course of trade, being those which are purchased and sold and used in the transactions consequent thereon. Thus, they

include stock, book debts, bills receivable, cash at bank and in hand, and other assets which are continually altering their shape and value. These assets, except cash, are subject to valuation, and are depreciable or appreciable accordingly (See also ASSETS).

FLOATING CAPITAL.—That section of the capital which is represented by assets which are of a floating nature. An alternative term for this is circulating capital.

FLOATING CHARGE.—A charge made in the interest of debenture holders and debenture stockholders of a company, by which, contrary to a fixed charge (*q.v.*), the security is over all the stock, book debts, etc., of the company, but which permits the company to make use of its assets comprised in the charge in any way connected with its business. The charge does not become fixed, or, to use a common term, does not crystallise until the interest on the debentures ceases to be paid, or until the company is being wound up.

Particulars of every floating charge must be delivered to the registrar of companies for registration. A debenture containing merely a floating charge does not require to be entered on the company's register of mortgages (*q.v.*).

Where a company is being wound up, a floating charge created within three months of the commencement of the winding-up is generally invalid (See DEBENTURES, WINDING-UP).

FLOATING DEBT.—The floating debt of the country consists of Treasury bills (*q.v.*) and Exchequer bonds (*q.v.*). The varying sum borrowed by the Government from the Bank of England under the name of Ways and Means advances, also might be included (See FUNDED DEBT).

FLOATING MONEY.—The temporary surplus funds in the hands of bankers, for which no profitable employment can be found, owing to the money market being already fully supplied. This floating money finds its way to the bankers' accounts at the Bank of England, and goes to increase the item "Other Deposits" in the Bank Return (*q.v.*) until a suitable outlet offers itself. A glutted condition of this kind arises on the periodical payment of large Government and other dividends and during times when there is but little demand for money. A low market rate is the natural result.

FLOATING MORTGAGE.—This is a security or charge which affects a variety of property and may attach to any one class to the exoneration of the remainder.

FLOATING POLICY.—In marine cargo insurance, the floating, or open, policy is freely utilised for the purpose of conferring on the assured continuity of cover. Although floating policies can be, and frequently are, so drafted as to cover any and every shipment by the assured between any ports or places in the world ("world to world cover"), usually the floating policy is restricted to cover shipments between certain specified termini or countries. Moreover, the class or classes of commodities likely to be shipped are also designated, although usually in more or less general terms. Floating policies confer a definite boon on merchants whose shipments are multifarious, as the necessity of negotiating individually each contract is obviated, and the possibility of neglecting by oversight to cover any shipment is avoided.

Section 29 of the Marine Insurance Act, 1906, provides—

"(1) A floating policy is a policy which des-

cribes the insurance in general terms, and leaves the name of the ship or ships and other particulars to be defined by subsequent declaration.

"(2) The subsequent declaration or declarations may be made by indorsement on the policy, or in other customary manner.

"(3) Unless the policy otherwise provides, the declarations must be made in the order of dispatch or shipment. They must, in the case of goods, comprise all consignments within the terms of the policy, and the value of the goods or other property must be honestly stated, but an omission or erroneous declaration may be rectified even after loss or arrival, provided the omission or declaration was made in good faith.

"(4) Unless the policy otherwise provides, where a declaration of value is not made until after notice of loss or arrival, the policy must be treated as an unvalued policy as regards the subject-matter of that declaration.

The practice is for the policy to be made out for a comparatively large amount, upon which premium is paid initially at a basic rate. If a variety of shipments are anticipated, a schedule of rates will usually be agreed—although sometimes an "all-in" rate is quoted—and an adjustment of premium made when the policy is fully declared, i.e., when the initial sum assured has been reduced to nil by successive declarations. The policy usually contains a provision as to the character of the vessels by which shipments are to be effected (See CLASSIFICATION CLAUSE).

The name of the steamer and the description and amount of each shipment will be endorsed on the policy, an entry being made to show the balance undeclared. When the original amount is exhausted, a further policy may be effected, which is expressed "to follow and succeed" the preceding one and "to be construed in conjunction therewith."

Should, for any reason, the shipments terminate, leaving any balance undeclared, a claim for a "short interest" return of premium can be sustained.

The assured is frequently provided with a book of Insurance Certificates (*q.v.*, for further particulars).

Even if a time limit within which shipments are to be made is inserted into a floating policy, the contract is a voyage policy, never a time policy.

In Fire and Burglary insurance, a floating policy is one which insures in one amount property situated in different places, such as merchandise stored in several warehouses. The term is applied alike to a policy which relates to goods in two adjoining, non-communicating buildings, the addresses of which are stated in the policy and to one which covers, as occasionally happens, property "anywhere within the United Kingdom." Floating policies are invariably "subject to average" (See AVERAGE CLAUSE IN INSURANCE).

The term is also used in Fidelity Guarantee business as meaning a policy covering the fidelity of the specified members of a staff up to a stated amount.

FLOCKS.—Fluffy refuse of various sorts, including ends of leathers, wool, and cotton waste, etc. It is used as a cheap substitute for horsehair, feathers, down, etc., for filling mattresses and cushions. Under the statute regulating the sale of flocks, several prosecutions have been instituted with respect to them.

FLOORCLOTH.—This term was originally limited to a special kind of floor covering made of thick canvas, coated with oil paint. Oilcloths of

this sort are manufactured in Dundee and London. The name, however, now frequently includes certain sorts of carpets, matting, and especially linoleum (*q v*), in which, though canvas is the ground work, cork is the chief ingredient. Kirkcaldy, in Fife-shire, is the headquarters of the linoleum industry. Another kind of floorcloth is known as cork carpet. This is a sort of improved linoleum, greater care being expended on its preparation. Kämpulicon is a floorcloth made of ground cork and india-rubber. Its use is declining.

FLORIN.—The two-shilling piece. The name is supposed to be derived from the Italian (*fiorno*, a florin), which got its name from the figure of the lily upon it (Latin, *flos, floris*, a flower). Another derivation is the city of Florence, where florins were first coined.

The florin first appeared in the English coinage in 1849. Its standard fineness is one-half fine silver and one-half alloy. (See COINAGE.)

FLOTATION OF A COMPANY.—(See COMPANIES.)

FLOTSAM.—The name applied to goods which are lost in a shipwreck and are found floating on the water. (See JETSAM.)

FLOUR.—The powdered grain of corn, especially of wheat. Great Britain imports enormous quantities mainly from the United States and Central Europe, but Canada is yearly becoming a more important source of supply, and there are considerable imports from Australia.

FLOWERS, ARTIFICIAL.—Flowers made of cambric, muslin, velvet, satin, etc., and employed for decorative purposes and in millinery. Cotton wool forms the foundation of the buds, green taffeta is generally used for the leaves, and the stalks are made of covered wire. French flowers are noted for their beauty, and France manufactures more than all other countries collectively. But the making of flowers is also an important industry in England, Holland, and Belgium, the manufacture of wax flowers being practically an English monopoly. Memorial wreaths are usually made of enamelled iron.

FLUCTUATION.—A rise or fall in the prices of any goods or securities.

FLUOR SPAR.—A brittle, transparent, crystalline mineral, consisting of fluoride of calcium. It is usually found in veins with other ores. It is common in Derbyshire, and on this account is often called Derbyshire spar. The crystals are sometimes colourless, but there are many coloured varieties, including green, blue, violet, purple, and yellow. Fluor spar is a valuable flux in the reduction of metallic ores, but it is chiefly used for vases and other ornaments, the blue variety being most in demand for this purpose, while the colourless crystals are greatly valued for optical instruments. Hydrofluoric acid, which is much employed in etching on glass, is obtained by heating fluor spar with sulphuric acid. Another name for fluor spar is fluoite.

FOLDING MACHINES.—In business houses where the outward mail is large or the issue of circulars frequent, the use of a folding machine will effect considerable economy. The folding by hand of large numbers of papers occupies much time, and there are one or two machines on the market which office organisers might with advantage consider as to their suitability for expediting the dispatch of such papers. One make of machine is capable of making a large number of different folds, is electrically driven and automatically feeds, folds,

counts, and stacks circulars at the rate of approximately 6,000 an hour. The folding is, of course, superior to that done by hand. In a large firm where the dispatch of the letters is done by a central department, it could be used for the folding of the single sheet letters which are typed on paper of a uniform size, and would be specially suitable for folding correspondence which is placed in window envelopes.

FOLIO.—The real meaning of this word is a sheet of paper folded once only so as to make two leaves. In book-keeping the word is strictly confined to denoting the two opposite pages of an account book numbered as one, but it is now very commonly used to signify a page. In law-writing, a folio indicates a number of words, viz. seventy-two.

FOLLOW-UP LETTERS.—(See FOLLOW-UP SYSTEMS, FORM LETTERS, SALES LETTERS.)

FOLLOW-UP SYSTEMS.—The old-time business man prided himself on carrying most of the essential details of his business in his head, on knowing the "standing" and peculiarities of his customers, and who and where were possible new customers, without recourse to pen and paper. To-day, business conditions are more complex, and the growing tendency of amalgamation of small interests into one large trading "group," has made it impracticable to retain the infinite "personal touch." The invention and general adoption of the card index have made effective "follow-up systems" possible.

"Following up" is most necessary and useful in connection with the Sales Department and the Accounting Department in the former for keeping track of inquiries and the efforts that have been made to turn those inquiries into tangible business, in the latter for keeping a record of the efforts made to collect outstanding amounts due from sales already achieved.

Space will not allow descriptions of the many forms which the "follow-up" system may take, and as these are usually specially devised for, and adapted to, the needs of each particular business a general example will suffice.

Take the case of a business which advertises its wares to the public or the trade. The Sales Department will keep in close touch with every possible opportunity for making sales, using an alphabetically-indexed "inquiry" record to show—

(1) The name and address of the individual who replies to the advertisement, with the nature and date of his inquiry.

(2) The date on which a reply was sent, and a record of what catalogues, samples (if any), and prices were submitted.

(3) A note of the date on which details of the "prospect" (as the inquirer is now called) were sent to the traveller working that district. (This record is not needed in all businesses, for it must be remembered that many large firms employ no travellers.)

(4) The date on which—if no reply or order has been forthcoming—a second letter was sent to strengthen the first and as a reminder that no reply has been received.

That is the basis of the scheme, although some firms will send as many as four or five "form letters"—at intervals of a week, a fortnight, or longer—before they give up a prospect as hopeless, and even then they are well advised to transfer him to the "circulansing" file for further attention.

Of course, "follow-up" systems operate where there have been no "inquiries"—the "mailing list" of a large firm is compiled very largely of names of "potential" buyers, with whom no contact has ever been really established.

The cards used should be suitably ruled into sections, or spaces, for the entry of the various records and dates enumerated above, and would need to be designed to suit the particular follow-up method adopted. The cards should have along the top edge the days of the month (1 to 31). This enables "signals"—metal clips of various colours—to be placed on the card at the date on which a form letter is due to be dispatched. Thus, if a "prospect" replied to on the first of the month was still silent, under a weekly system of following-up the next letter would be sent to him on the eighth of the same month.

So soon as an order has been obtained, the card is taken from the "inquiry" file and one is made out for the "customers" file. No further form-letters are sent, but probably the original card would be placed in the "circularising" file, so that particulars of new goods and new prices, together with new catalogues, could be sent.

The modern "follow-up" system is usually operated in conjunction with the "mailing list" Department, and machines and appliances are used whereby a complete record of "plates" instead of cards is established. Every name of a suitable nature is added to the list—whether orders have ever been obtained or not.

The Accounting Department would need cards showing the amount outstanding against the particular customer, how long owing, the customer's credit limit; and the dates on which accounts form-letters had been sent to hurry up a settlement, and these would be removed as soon as the account had been paid.

The foregoing is, briefly, a general idea of the follow-up system suited to the majority of businesses where inquiries are the result of advertisements, or travellers' calls; but, of course, it can be either reduced or amplified according to the needs of the business. The whole idea is to keep permanent "contact" and to get the utmost advantage from travellers' calls and first inquiries.

FOOD AND DRUGS.—(a) **Common Law.** At common law it was indictable to mix unwholesome ingredients with food intended for sale. An idea was also long current that if provisions were sold by a dealer in them, there was an implied condition that they were fit for food. This rule, however, was afterwards held to exist only in the form mentioned below.

(b) **Sale of Goods Act.** Section 14 of the Sale of Goods Act, 1893, annexes to goods (when the vendor's skill or judgment is relied on) an implied condition of fitness for the particular purpose for which they were sold and (where goods are sold by description) of being of the kind, quality, and quantity represented. To establish a breach of this condition, it is necessary to show that the goods were sold by description, and that the vendor's skill or judgment was relied on. In *Holmes v. Bee*, and the deer contained arsenic, and the jury found that the purchaser did not rely on the vendor's skill or judgment, the vendor was held liable in damages on an implied condition of merchantable quality.

Thus liabilities are entirely independent of any wrongdoing or remissness on the part of the vendor.

(c) **The Food and Drugs Acts, 1875-1907.** These statutes form a detailed and complex code. Certain of their Sections are dealt with under ANALYSIS (*q.v.*), while the provisions as to butter and margarine (*q.v.*) are also dealt with separately.

The Act of 1875 provides that for these purposes "food" shall include every article used for food or drink by man, other than drugs or water, and any article which ordinarily enters into or is used in the composition or preparation of human food, and shall also include flavouring matter and condiments. The term "drug" is to include medicine for internal or external use.

The Act then lays down two classes of offences—

The first-class is that of offences which involve an element of fraud, and on summary conviction a penalty of £50 may be imposed for the first offence, and any subsequent offence is a misdemeanour, for which the accused may receive not exceeding six months' hard labour.

Such offences are the following—

(a) Mixing, colouring, staining, or powdering, or ordering or permitting any other person to mix, colour, stain, or powder any article of food with any ingredient or material so as to render the article injurious to health, with intent that it may be sold in that state or selling any such article so mixed, coloured, stained, or powdered.

(b) Mixing, colouring, staining, or powdering or ordering, or permitting any other person to mix, colour, stain, or powder any drug with any ingredient or material, so as to affect injuriously the quality or potency of such drug with intent that the same may be sold in that state or selling any such drug so mixed, coloured, stained, or powdered.

A person charged under these Sections has a good defence if he can show to the satisfaction of the court before which he is charged that he did not know that the food or drug sold by him was so mixed, coloured, stained, or powdered, and that he could not with reasonable diligence have obtained that knowledge.

It will, therefore, be apparent that it is not easy to secure convictions under these Sections, and, indeed, prosecutions under them have become relatively infrequent.

Of far more frequent occurrence are proceedings for the second class of offence, for which the Acts impose a penalty not exceeding £20 in respect of the first conviction, not exceeding £50 on a second conviction, and not exceeding £100 for any subsequent offence, with a further provision that any person liable to a fine exceeding £50, if the offence in the opinion of the court was committed by the personal act, default, or culpable negligence of the person accused, shall be liable (if the court is of the opinion that a fine will not meet the circumstances of the case) to imprisonment with or without hard labour for a period not exceeding three months.

Such offences are the following—

(1) Selling to the prejudice of the purchaser any article of food or any drug which is not of the nature, substance, and quality of the article demanded by such purchaser, provided that an offence shall not be deemed to be committed under this Section in the following cases, that is to say—

(a) Where any matter or ingredient not injurious to health has been added to the food or drug,

because the same is required for the production or preparation thereof as an article of commerce, in a state fit for carriage or consumption, and not fraudulently to increase the bulk, weight, or measure of the goods or drug, or conceal the inferior quality thereof,

(b) Where the drug or food is a proprietary medicine, or is the subject of a patent in force, and is supplied in the state required by the specification of the patent;

(c) Where the food or drug is unavoidably mixed with some extraneous matter in the process of collection or preparation.

(2) Selling any compound article of food or compounded drug which is not composed of ingredients in accordance with the demand of the purchaser.

Provided that no person shall be guilty of any such offence as aforesaid in respect of the sale of an article of food or a drug mixed with any matter or ingredient not injurious to health, and not intended fraudulently to increase its bulk, weight, or measure, or conceal its inferior quality if at the time of delivering such article or drug he supplies to the person receiving the same a notice by a label distinctly and legibly written or printed on, or with the article or drug, to the effect that the same is mixed.

These sections are of the utmost importance, and there are decisions on nearly every word of them. Certain points have also been affected by further legislation, which will be referred to in its proper place.

In the first place, the words "no person shall sell" and "purchaser" become of importance when either sale or purchase is through an agent. In such a case, both agent and principal are liable for selling, and a person who purchases through an agent may prosecute. Thus, when an inspector sent his assistant into a shop to buy gun, and gave him the money to pay for it, and when the assistant had been in the shop about a minute, followed and went in, it was held that the inspector was the purchaser and the person prejudiced, under the Section. There have been numerous decisions on the meaning of the words "to the prejudice of the purchaser." It is established that "prejudice" does not mean merely pecuniary prejudice, and it is probable that a conviction would follow if it could be shown that a purchaser in the abstract would be prejudiced, even though the actual purchaser might for some reason to himself not be prejudiced. The Scottish courts, however, were disinclined to take this view, and accordingly thought that if a purchaser bought only for analysis he could not be said to be "prejudiced." To remove this discrepancy between English and Scottish law, it is now expressly provided that "in any prosecution—for selling to the prejudice of the purchaser any article of food or any drug which is not of the nature, substance, and quality of the article demanded by such purchaser—it shall be no defence to any such prosecution to allege that the purchaser, having bought only for analysis, was not prejudiced by such sale."

The same Section also enacts that it shall not be a good defence to prove that the article of food or drug in question, though defective in nature or substance or in quality, was not defective in all three respects—in other words, a conviction will follow if it is shown that the article is defective in either nature, substance, or quality. But the words "to the prejudice of the purchaser" still play an

important part in preventing oppressive convictions. For example, it is well settled that if express notice is given to the purchaser at the time of sale that the article sold is not of the nature, substance, and quality of the article he demands, he cannot be said to be prejudiced. Thus, where A demanded of B coffee, and B replied that he did not sell coffee, but pointed to certain tins marked "Mixture of coffee and chicory," and informed A that he sold such as a mixture of coffee and chicory, B was acquitted of any offence, as A got what he asked for. The notice in question need not be particular; but may be general, as by putting up a notice in the shop. Any such general notice must be clear and unambiguous, and it must be shown that the purchaser saw it or that any ordinary person would have seen it. The fact that the purchaser, in fact, knew of the unsatisfactory state of the article, from sources of information other than the vendor, would probably be no defence if he did not actually see the notice, though there are conflicting decisions on the point.

Another class of cases is where the article is slightly different from that usually sold as such, but in no way inferior. Thus, in a case where a pot of marmalade was sold which contained 12 per cent of starch glucose, which it was proved was not injurious to health; and which had the effect of preventing the marmalade crystallising, and also had a tendency to prevent mildewing and germinating, and further, that there was no legal standard of marmalade, it was held that there was no evidence of the sale being to the prejudice of the purchaser, Alverstone, L.C.J., observing: "It has been judicially decided that the difference between the article demanded and that supplied must be to the prejudice of the purchaser." In the present case an article was given to the purchaser which, if different, was rather better."

This decision, of course, raises the whole question: "What is the 'article demanded'?"

The question is not always an easy one to answer, but one must say generally that it is the duty of the justices to ascertain from the evidence and from any special knowledge they may possess what article is, in fact, usually indicated in trade by the name used when the purchase was made. In some cases, the law has been amplified outside the Food and Drugs Acts. For example—

(a) The British Pharmacopoeia (*g*) fixes a standard for many drugs. Practically one can set aside such a standard only either by showing that the British Pharmacopoeia does not expressly state what is the composition of the article when made, or by showing that, commercially, the article is judged by a different standard—a proposition which it is very difficult to establish to the satisfaction of the court.

(b) Milk is governed by the Milk and Dairies (Consolidation) Act, 1915, which came into operation, together with the Amending Act of 1922, on the 1st of September, 1925, when Statutory Rules were issued for the working of the Acts. Grading, licensing and other matters are dealt with at length.

(c) Bread is dealt with by various Acts, including the Bread Acts Amendment Act, 1922, which deals with adulteration, and the sale of tea has a special Act, called the Sale of Tea Act, 1922.

The last of the three Sections above mentioned is commonly called the "label Section." This Section, in addition to allowing the seller to prove, if he can, that he gave notice to the purchaser,

who was, therefore, not prejudiced, enables him to escape if he can show that a mixture was labelled to the effect that it was mixed. This defence is subject to two important qualifications.

(a) It will be of no avail if the justices find, as a fact, that the mixture was intended fraudulently to increase the bulk weight or measure of the food or drug, and if this is so found, it is no defence to prove that one is merely re-selling the article innocently in the same state as when bought from the manufacturer, (b) the label is not deemed to be distinctly and legibly written or printed unless it is so written or printed that the notice of mixture is not obscured by other matter on the label, the Section, however, containing certain exceptions in favour of labels registered as trade marks, or of seven years' standing.

This concludes the Sections of the Acts which aim at punishing the delinquencies of the sellers, pure and simple, of food and drugs, and the next Section, viz., Section 9, has a wider scope, for it enacts—

"No person shall, with the intent that the same shall be sold in its altered state, without notice, abstract from an article of food any part of it so as to affect injuriously its quality, substance, or nature; and no person shall sell any article so altered without making disclosures of the alterations, under a penalty in each case not exceeding £20 (subject to the provision mentioned above in the case of second and subsequent offences)."

This Section is wide enough to include anyone, whether or not he is the actual seller, who "abstracts with intent, etc."; and a person who sells cannot set up absence of guilty knowledge as a defence to a prosecution under the second part of the Section.

The Section, it will be observed, makes "disclosure" a defence; and this disclosure must, in the opinion of the justices be adequate, for the court will not lightly interfere with the finding of the justices on this point.

This Section was particularly aimed at the abstraction of certain elements from milk, and the subject of condensed milk is further dealt with by the Milk and Dairies (Consolidation) Act, 1915, which (a) imposes a fine of £20 for a first, £50 for a second, and £100 for any subsequent offence, upon the importer into the United Kingdom of condensed, separated, or skimmed milk, except in tins or other receptacles which bear a label whereon the words "machine-skimmed milk" or "skimmed milk," as the case may require, are printed in large and legible type, and (b) imposes a fine of £10 on any person who sells or exposes for sale condensed, separated, or skimmed milk, otherwise than as above.

It remains to deal with a very important statutory defence to certain offences under the Acts, viz., written warranty.

Section 25 of the Act of 1875 provides—

"If the defendant in any prosecution under this Act proves to the satisfaction of the justices or court that he purchased the article in question as the same in nature, substance, and quality, as that demanded of him by the prosecutor and with a written warrant to that effect, that he had no reason at the time to believe when he sold it that the article was otherwise, and that he sold it in the same state as when he purchased it, he shall be discharged from the prosecution."

This Section has been the subject of much dis-

cussion in the courts, and the decisions on it are extremely difficult to reconcile with each other.

It must be premised that, although the Section alludes to "any prosecution under this Act," it is obviously applicable only to offences under certain Sections. For example, it has been judicially suggested that the defence will not admit in the case of offences under Section 9 as to abstraction of ingredients from milk, or in prosecutions under Sections 3 and 4 (the "mixing" Sections), which virtually involve fraud.

It has further been held that the defence has no application to a charge of "importing" under the Act of 1879.

The defence has also been restricted by Section 20 of the Act of 1899, which provides that a warranty or invoice given by a person resident outside the United Kingdom shall not be available as a defence to any proceeding under the Acts, unless the defendant proves that he had taken reasonable steps to ascertain and did, in fact, believe in the accuracy of the statement contained in the warranty or invoice. As to what is a sufficient written warranty, the cases are numerous and conflicting, and to review and criticise them would be beyond the scope of this article. It is conceived, however, that the following rules may be deduced from them—

(1) The warranty must be such as to have that effect in law. It is not, however, necessary that the word "warrant" shall be used, and if the intention is clear, and, having regard to Section 14 of the Sale of Goods Act, 1893 (*supra*), a condition (which the purchaser may elect to treat as a warranty) may in certain cases be implied from words of sale.

(2) Neither an invoice nor a label has, *per se*, any effect under this Section, but if the invoice or label is the very proof and record of the contract, and not merely a subsequent identification of the goods delivered under it, it will be sufficient.

(3) If there is a running contract in writing for the supply of goods, and it is a question whether it operates to protect any particular transaction, it will probably do so if there is some writing to identify the transaction as coming within the contract, and for this purpose an invoice or a label, though not itself a warranty, will be admitted as evidence. If it is intended to rely on this defence of warranty, a copy of it must, within seven days of the service of the summons, be sent to the purchaser with a written notice that the defendant intends to rely on it, and specifying the name and address of the person from whom he received it; and a like notice of intention must be sent to such person, who is entitled to attend and give evidence. Forgery of a warranty is a misdemeanour punishable with two years' hard labour. It only remains to notice certain miscellaneous provisions of the Acts: It is an offence to obstruct or attempt to bribe any officer under the Acts, the penalty being £20 for a first offence, £50 for a second, £100 (or imprisonment) for any subsequent one.

In all prosecutions under the Act, the burden of proof, as it is usually in criminal cases, rests with the prosecutors, but when it has been proved that an article has been sold in a mixed state, if the defendant desires to rely on an exception or provision in the Act, it is incumbent on him to prove the same.

Finally, it must be observed that any person convicted of any offence under the Act of 1875 punishable by justices may appeal to quarter

sessions. The Acts are not to affect by proceeding by indictment, or diminish contractual obligation, but a person convicted under the Acts may add his fine and costs to the damages claimed by him from the person who sold him the article.

FOOLSCAP.—A sheet of paper varying in size from 12 in. to 12½ in. by 15 in. to 16 in., so-called from having formerly borne the water-mark of a fool's cap and bells, which is said to have been substituted by Cromwell for the Royal arms. Double foolscap is 17 in. by 27 in.

FOOT.—In linear measurement, the term "foot" is applied to a unit of measurement in most countries of the world, which differs considerably in length. It was evidently taken originally from the length of the human foot, as other measures of length were taken from other parts of the body. The English foot is 12 in. long, or the third part of a yard. The French and the Rhenish foot (in common use in Germany) are slightly longer than the English foot, with which the Russian foot is identical. A metre is equal in length to 3.2803 English feet.

FOOT-POUND.—This is the term used to denote the amount of work done in raising 1 lb. through 1 foot at the earth's surface. The force that has to be overcome is the weight of the pound, and as this is the attraction between it and the earth, the foot-pound varies in different latitudes, owing to the difference in the power of attraction. In the metric system, the unit of work is the kilogramme instead of the foot-pound, and thus means the amount of work done in raising a kilogramme through 1 metre at the earth's surface. The kilogramme is equivalent to 7.233 foot-pounds. (See Horse Power.)

FOR CASH.—A transaction on the Stock Exchange which is "for cash" or "for money," means that the security has been sold for immediate delivery instead of for the next settlement. (See FOR THE ACCOUNT.)

FORCE MAJEURE.—Circumstances or events which no human precaution could have averted, or which no fraudulent intention could have produced, and those dangers and accidents which are beyond human power to control or oppose. (See Act of God.)

FORCIBLE ENTRY.—The well-known maxim that an Englishman's home is his castle is very jealously guarded in practice. Unless, therefore, there is some grant of permission, no person has the right to enter in or upon the lands of another, even though the person entering is the lessor of the premises. The fact of the demise of the premises is enough to make the holder for the time being the sole arbiter as to who shall or who shall not enter in or upon the premises. But, of course, there is a right of peaceful entry in the case of distress (*q.v.*). For every other entry there is a right of action for trespass, and not only may damages be awarded against the trespasser, but in certain cases an injunction (*q.v.*) will be granted restraining the trespasser from continuing his offence. But forcible entry is an act which renders the offender liable to be prosecuted by criminal process. It is, in fact, an indictable offence, and no person can give to another the right to enter forcibly in or upon premises. To constitute the offence there must be some violence shown. Merely opening a door and entering does not make the entry forcible, but the breaking of a door or window would be enough for the purpose. Even an officer

of the Crown cannot enter forcibly unless he has been first of all refused admission.

FORECASTING, BUSINESS.—(See ESTIMATED PROFIT AND LOSS ACCOUNTS.)

FORECLOSE.—The act of foreclosing.

FORECLOSURE.—The taking actual possession of an estate or other thing mortgaged with a view to securing repayment of the loan. In equity it was always considered that a thing mortgaged was nothing more than a security for the money advanced. "Once a mortgage, always a mortgage." A mortgagee, therefore, was never allowed to take possession of an estate on the failure of the mortgagor to pay at the stipulated time. But, nevertheless, payment must be made within a reasonable time.

Where a mortgagor has failed, after due notice, to repay the mortgage debt, the mortgagee has the right to apply to the court for an order for foreclosure. Where this is done, the court orders an account of what is due to the mortgagee to be submitted, and if what is found to be due is not paid within the period named, generally six months, the mortgagor's equity of redemption (*q.v.*), that is, his right to redeem the property, is foreclosed or extinguished. By foreclosure, therefore, the mortgagor loses his equity of redemption altogether and has no further interest or right in the property, and the mortgagee becomes absolute owner.

Neither a legal mortgagee nor an equitable mortgagee can foreclose without sanction of the court. A legal mortgagee can, however, sell the property or put in a receiver under the power contained in his mortgage deed, without any application to the court. And unless he is specially prohibited, there is a right of sale implied under the Law of Property Act, 1925.

Application for foreclosure must be made within twelve years from the last payment of interest by the mortgagor or written acknowledgment of the debt. (See LIMITATIONS, STATUTES OF.)

Where a mortgagee forecloses and thus becomes absolute owner of the property, he has no further claim upon the mortgagor. But if a mortgagee sells the property, instead of foreclosing, he may claim upon the mortgagor for the balance owing, if the proceeds of the sale are not sufficient to repay the mortgage debt. (See MORTGAGE.)

Since the 1st of January, 1926, every mortgage takes the form of a term of years (or a long lease), and an order for foreclosure has the effect of vesting the fee simple in the mortgagee whose term of years then merges in the fee simple.

FOREDATE.—The dating of a document before its proper time.

FOREIGN BANK NOTES.—These are the notes issued by some State other than Great Britain, and the law respecting them is that of the country by which they are issued. They are not negotiable instruments in this country like Bank of England notes. In practice, country bankers send their foreign bank notes to their London office or to their London agents to be sold.

The exchange rate for notes is usually dearer than that for cheque or cable transfer owing to the assumed necessity of posting and insuring them back to their country of origin. The premium is more usually due to their comparative scarcity in this country.

FOREIGN BILL.—The Bills of Exchange Act, 1882, draws a distinction between inland and foreign bills. This is a matter of very considerable

importance, as the various foreign codes are not always in harmony with the laws of Great Britain in respect of these documents.

An inland bill of exchange is defined as a bill which is, or on the face of it purports to be, (a) both drawn and payable within the British Islands, or (b) drawn within the British Islands upon some person resident therein. Any other bill is a foreign bill. The British Islands mean any part of the United Kingdom of Great Britain and Ireland, the islands of Man, Guernsey, Jersey, Alderney, and Sark, and the islands adjacent to any of them being part of the dominions of His Majesty, and a bill drawn in any of those places is an inland bill, but for the purposes of stamp duty a bill or note purporting to be drawn out of the United Kingdom is deemed, by the Stamp Act, 1891 (Sec. 98), to be a foreign bill.

The regulations regarding bills are not the same in all countries, and the Bills of Exchange Act, in Section 72, sets forth the rules to be observed where laws conflict—

"Where a bill drawn in one country is negotiated, accepted, or payable in another, the rights, duties, and liabilities of the parties thereto are determined as follows—

"(1) The validity of a bill as regards requisites in form is determined by the law of the place of issue, and the validity as regards requisites in form of the supervening contracts, such as acceptance, or indorsement, or acceptance *supra* protest, is determined by the law of the place where such contract was made:

"Provided that—

"(a) Where a bill is issued out of the United Kingdom, it is not invalid by reason only that it is not stamped in accordance with the law of the place of issue;

"(b) Where a bill, issued out of the United Kingdom, conforms, as regards requisites in form, to the law of the United Kingdom, it may, for the purpose of enforcing payment thereof, be treated as valid as between all persons who negotiate, hold, or become parties to it in the United Kingdom.

"(2) Subject to the provisions of this Act, the interpretation of the drawing, indorsement, acceptance, or acceptance *supra* protest of a bill is determined by the law of the place where such contract is made.

"Provided that where an inland bill is indorsed in a foreign country, the indorsement shall, as regards the payer, be interpreted according to the law of the United Kingdom.

"(3) The duties of the holder with respect to presentment for acceptance or payment and the necessity for or sufficiency of a protest or notice of dishonour, or otherwise, are determined by the law of the place where the act is done or the bill is dishonoured.

"(4) Where a bill is drawn out of, but payable in, the United Kingdom, and the sum payable is not expressed in the currency of the United Kingdom, the amount shall, in the absence of some express stipulation, be calculated according to the rate of exchange for sight drafts at the place of payment on the day the bill is payable.

"(5) Where a bill is drawn in one country and is payable in another, the due date thereof is determined according to the law of the place where it is payable."

A foreign bill may be drawn in this country and be payable abroad, e.g., where goods are exported from England to France the exporter may draw a bill upon his correspondent in France for the value of the goods. A foreign bill is also one which is drawn abroad and payable in this country, as, for example, for the value of goods imported into England from America. A credit may be opened for the captain of a ship at a foreign port who may draw bills upon a London banker up to a certain fixed sum.

The following extract from the *Bankers' Magazine* illustrates, in the case of cotton, the various forms of bank paper which may be created between the seedling in Texas and the delivery of the cotton in Liverpool: "The planter is carried on through the season by advances from a local bank or a commission agent acting for a firm of Liverpool importers. When the cotton is ready to ship it may be paid for by a cheque on a bank in New Orleans or Galveston. The local bank sees it on board ship and draws on a New York bank against it, at the same time forwarding the bills of lading. The New York bank draws on London, and sends on the bills of lading with the draft. The London acceptors, who may be a bank or a commercial firm, discount the bill, and the discounters may re-discount it or borrow on it. If it be what is technically called a 'fine bill,' that is, with the best kind of names on it, it may pass through many hands before it matures."

When bills are payable abroad, the common practice is for the country banker to send them to his London office or London agent to be sold through a foreign bill broker. The London banker, of course, disposes of his foreign bills in the same manner, indorsing them before negotiation. In the ordinary course of business, the bills get to the place where they are payable, and they are either paid or dishonoured on presentment just in the same manner as an inland bill.

A foreign bill generally consists of a set of three bills, though the three documents constitute but one bill. This is called "drawing in a set." The three parts are identical in terms, except that each is expressed to be payable only on condition that neither of the other two has been paid. The three parts are transmitted separately, and, therefore the risk of loss is greatly diminished. Only one part, however, should be accepted, for if more than one is accepted the acceptor may find himself liable on each of the parts so accepted, as though it was a separate bill. Similarly, if the holder of a set indorses more parts than one to different persons, he is liable upon each part indorsed as though it was a separate bill. Again, an acceptor on paying a bill drawn in a set should see that the part bearing his acceptance is handed to him, otherwise a holder in due course may afterwards demand payment. Generally speaking, the whole bill is discharged when any one of the parts is discharged.

The following are common forms of foreign bills of exchange—

I.

For francs, 10,000. London, May 3, 19..

At forty days after sight of this first of exchange (second and third unpaid) pay to the order of M. Jean Berthelot ten thousand francs, for value received, and place the same to account as advised

Joseph Brown.

To M. E. Malvin, Paris.



BATH
AND
NEW YORK

No. 100 P London ^{1 Abbey Corner} February 28th 19
SC

Ninety Days after sight of this FIRST of Exchange
(second and third of the same tenor and date unpaid) pay to the
order of Narayan Iyer & Co.
Madras
Value received

To Ramchandra Lakshmi & Bros.
Esplanade Road,
Madras.

For and on behalf of
GREENBAUM, BUCKNALL & CO. LTD.
Joseph Smith MANAGER



BATH
AND
NEW YORK

LONDON, No. 100 P London ^{1 Abbey Corner} February 28th 19
SC

Ninety Days after sight of this SECOND of Exchange
(first and third of the same tenor and date unpaid) pay to the
order of Narayan Iyer & Co.
Madras
Value received

To Ramchandra Lakshmi & Bros.
Esplanade Road,
Madras.

For and on behalf of
GREENBAUM, BUCKNALL & CO. LTD.
Joseph Smith MANAGER



BATH
AND
NEW YORK

LONDON, No. 100 P London ^{1 Abbey Corner} February 28th 19
SC

Ninety Days after sight of this THIRD of Exchange
(first and second of the same tenor and date unpaid) pay to the
order of Narayan Iyer & Co.
Madras
Value received

To Ramchandra Lakshmi & Bros.
Esplanade Road,
Madras.

For and on behalf of
GREENBAUM, BUCKNALL & CO. LTD.
Joseph Smith MANAGER

II.

Payable in London. Due. . . .
No. . . . *Las Palmas,*
£200 *May 10, 19..*

At thirty days after sight of this first of exchange (second unpaid) pay to the order of John Jones the sum of two hundred pounds sterling, value received, which amount place with or without further advice to the account of the steamer "Britannia"

J. Brown.

*To X. & Y. Steam Ship Co Ltd
Hull.*

III

London, May 17, 19.

Exchange for £500.

Sixty days after sight of this first of exchange (second and third of the same tenor and date unpaid), pay to the order of John Jones, five hundred pounds, value received, which place to account as advised. The shipping documents attached to be surrendered against acceptance

John Brown.

*To R Robinson & Co,
New York.*

The stamp duty payable upon a foreign bill is the same as that upon an inland bill until the amount of £50 is reached. Thus—

Where the amount or value of the money for which the bill is drawn does	£	s.	d.
not exceed £10	0	0	2
Exceeds £10 and does not exceed £25	0	0	3
£25	£50.	0	6

(It will be remembered that the duty is 2d. only when the bill is drawn payable on demand, or at sight, or on presentation, or within three days after date or sight)

After £50, by the Finance Act, 1899, the duty is as follows—

When the amount exceeds £50, but does not exceed £100, 6d ;

When the amount exceeds £100, 6d. for every £100 and for any fractional part of £100.

On foreign bills, the duties are to be denoted by adhesive foreign bill stamps. If a bill which is drawn abroad is impressed with an English stamp, this is not sufficient; it must have the correct adhesive stamp affixed. If the bill is payable on demand, or at sight, or on presentation, or within three days after date or sight, an ordinary twopenny postage stamp may be used. Any person into whose hands any foreign bill comes before it is stamped must affix the correct stamp before dealing with the bill in any way

Where the bill is drawn in foreign money, the amount, for the purpose of calculating the stamp duty, is arrived at according to the rate of exchange current at the date of the bill, unless the rate is stated in the bill

Two special points are to be noticed in connection with foreign bills of exchange, in addition to those already mentioned—

(1) A foreign bill is frequently made payable at one or more "usances." By "usance" is meant customary time, that is, the time of payment as fixed by custom, having regard to the place where the bill is drawn and the place where it is payable.

For example, if the usance between London and Rotterdam is one month, a bill drawn in the latter place on January 1st, and made payable at double usance, falls due on March 4th. (See DAYS OF GRACE) But it is to be borne in mind that very few countries allow days of grace.

(2) If a foreign bill is dishonoured, the fact must be noted by a notary public. A declaration must also be drawn up as to the dishonour. This is called "protesting the bill" (See PROTESTING A BILL)

Foreign bill transactions were settled on the Royal Exchange on Tuesdays and Thursdays until the practice was discontinued in 1921 owing to the increase of telephonic communication between bankers and exchange brokers

The stamps placed upon a bill in a foreign country should be scrutinised in this country, in case any action may be necessary in a foreign country where the absence or incorrectness of the required stamp would prove a bar to proceedings on the bill in that country (See INLAND BILL OF EXCHANGE)

FOREIGN COMMERCIAL TRAVELLING.

Although there are no licences required and no special regulations affecting the calling of a commercial traveller in the United Kingdom and British India, this is not the case in many of the British Dominions and in most foreign countries. It is, therefore, essential that a person who intends to act in the capacity of a commercial traveller abroad should make himself acquainted with all the formalities, etc., required by the local legislature

Thus he can do, as far as the British Dominions are concerned, by inquiry at the offices of the representative or agency in this country, or at the Colonial Office, and as to foreign countries particulars should be obtained from the nearest consulate of the country in question. As the regulations in most countries are liable to sudden and great changes, it is useless to set out what they are for any given period of time. (See COMMERCIAL TRAVELLING)

FOREIGN CURRENCIES (DIFFERENCE IN EXCHANGE).

—As the result of the demand for money and the consequent changes in the rate of interest, the rates of exchange between any two countries are continually varying, and hence in dealing with the conversion of accounts kept in currencies to sterling, it becomes necessary to deal with differences in exchange. This necessitates the adoption of sound principles upon which to convert the various items, and it is often difficult to determine the rate of exchange at which the conversion should be made. The following are the principles usually adopted in making these conversions, which, recognising, as they do, the differences in the nature of the items, may be taken as being as satisfactory as is possible without going too minutely into the details of fluctuations in the rates of exchange.

1. Items representing fixed assets and liabilities should be converted at the rate ruling at the date of acquirement, and particular attention given to depreciation in value

2. Items representing floating assets and liabilities should be converted at the rate ruling at the date to which accounts are being made up, this being their actual value at that date

3. Items representing dealings between the home establishment and the foreign establishment should be converted at the rate ruling on the dates on which they took place, which is easily done by the substitution of the home establishment's sterling figures, as per the account in its books.

4 Items on nominal accounts representing profit and loss transactions which have taken place during the period of the account, should be converted at the average rate ruling over such period.

The conversion at these varying rates having been effected, the accounts, as now converted, will not, of course, balance, and the difference is eliminated by raising an account known as a "Difference in Exchange Account," to which it is posted, this account being subsequently closed to the profit and loss account of the foreign establishment.

In the case of a merchant and his customer, on settlement of his account by the latter, the remittance is often made in currency, and may not produce the same amount in sterling as that standing on the merchant's books. The customer's account, therefore, requires adjustment, this being done through a "Difference in Exchange Account." In the case of many transactions, a column may be provided in the cash book for the reception of these differences, the total only being posted to the ledger account.

FOREIGN EXCHANGES.—The large volume of trade which is carried on between different countries naturally creates a very active business in the settlement of the balances of indebtedness which are bound to arise. These balances are constantly varying, not only in amount but also in direction, that is to say, a certain country may at some time be in debt to another country, and shortly afterwards the position may be reversed. To take an example, England may become indebted to another country, through the latter country having sent to this country goods of a value greater than this country has exported. There are, then, three ways in which the liability of England may be discharged—

(1) Coin or gold bars may be sent. This method is expensive owing to the charges for freight and insurance.

(2) A batch of "international" securities could be sent, i.e., certain well-known Government bonds, those which are dealt in on all the principal markets of the world. This method is not much cheaper than the first one noticed, owing to the charges for brokerage and the loss of the margin between the buying and the selling price.

(3) A remittance of bills may be made. This is by far the easiest and cheapest method, and consequently it is the one most frequently adopted. The bills need not necessarily be drawn upon the country to which they are remitted, provided that they are the acceptances of a country other than England. The bills used are, of course, any first-class ones that are being offered in the bill market, and may be of various currencies. (See *COURSE OF EXCHANGE*.)

The term "foreign exchanges" is used at the present day to mean the rates of exchange between England and foreign countries, and *vice versa*.

There are two main factors which affect the foreign exchanges and the price at which bills for settlement of a balance, as mentioned, can be bought. One is the relative indebtedness of the two countries. Thus, if this country is in debt to the other, the price of bills on that country naturally tends to rise in the market, because the merchants compete with one another in their endeavour to buy bills to remit, whilst in the other country's market the price of bills on this country tends to fall owing to absence of demand. The other disturbing factor is the value or price of money in the two countries, that is, the rate of discount ruling

in each. Though in the case mentioned England owes the other country a balance, yet the exchanges may be turned in favour of this country by a high rate of interest here, for this will tempt capitalists in the foreign country to invest money in bills on this country, or, put in another way, as the rate rises, the demand will increase, until at last the price reaches the specie point, and gold begins to flow in.

The raising of the Bank Rate as a means of checking the withdrawal of gold is now not nearly so effective as it once was because of the restrictions placed upon the export of gold by other nations. There are many countries with a Bank Rate much higher than our own yet with an exchange rate far beyond their export specie point. Whilst they will not permit the export of gold to satisfy their balance of indebtedness, the current rate is for their unredeemable paper which is exchangeable in a gold standard country at a price in proportion to the amount of paper issued in excess of the gold cover held.

By far the most potent factor in influencing exchange rates with such countries is the fact that a bill of exchange is not payable in that internationally acceptable medium, free gold, but only in paper promises to pay. The discount on such paper varies with the excess of it issued and, therefore, the likelihood of it being redeemed. The greater the volume of currency in circulation in a country the less the purchasing power of each unit (by Gresham's Law) and more are required to buy a gold standard unit of another country or the rate rises. Instable rates are open to the attacks of speculators, and we find rates fluctuating widely irrespective of trade balances and interest rates, but because of political crises, rumoured loans, and so on.

If the systems of coinage of two or more countries are considered, it will be seen that there is a difference in the fineness of the precious metals used, that is, the quantity of alloy in the coins of one country is greater than in those of another. Before it is possible, therefore, for any settlement of differences to be arrived at, the value of the metals must be adjusted, because when there is any transportation of coins, they are estimated only by their weight and fineness as bullion. The face value of the coins never enters into consideration at all. But if the coinage of two countries is of the same metal, and both coinages are at their full weight and fineness, a calculation can be made by means of which an estimate of one can be arrived at in terms of the other: in other words, a relation has to be established between the amount of pure metal in the standard coins of the different countries, and this is called the "Mint Par of Exchange" (*q.v.*).

The foreign exchange is said to be turning in favour of a country when gold may shortly have to be sent to it by the foreigner, and to be adverse when, before long, it may be necessary to export gold to the foreigner.

Where the exchange rates are quoted in foreign money (*e.g.*, with France and Germany at so many francs or marks to the £), the higher the quotation the more favourable the exchange is to England (from a national point of view), because the amount of francs or marks which are to be received for £1 is greater. On the other hand, where rates are quoted in sterling money (*e.g.*, with Shanghai and India, at so many pence to a tael or rupee) the lower

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A means of making an unfavourable exchange more favourable is often found in raising the bank rate (*q.v.*) and thus attracting an inflow of foreign gold. A low discount rate produces an increased import of securities, tending to turn the exchange against this country. Again, an adverse exchange re-acts upon the discount rate, for an increased number of bills are being drawn on London, and the movement against us may reach such a point as to attract specie abroad, with the consequence that the Bank (and, following it, the market) will raise the rate of discount to protect the reserve. The movements of the discount rate and the exchange rate are interdependent, and the one cannot move without producing its effect upon the other.

In dealing with foreign exchanges, the terms "high" and "low" are used with the greatest frequency, and they are calculated to mislead, since they express the exact converse of their ordinary meaning. For example, a rise in the French exchange means a fall in the value of the French currency, and is therefore against that country. If a draft has to be purchased on Paris, it is advisable to get a high rate because more francs are obtained for the pound sterling. If, however, a draft is being sold on that city, the lowest rate must be obtained, the rule to be observed being "buy high and sell low."

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FOREIGN GENERAL AVERAGE CLAUSE.—

The concerned on cargo, in the event of general average, are bound to accept statement of general average legitimately made up according to foreign statement, for maritime law provides that, except where the contrary be agreed in the contract of affreightment, general average shall be adjusted as regards loss and contribution in accordance with the law obtaining at the place where the adventure ends. By reason of divergencies between the laws of various countries, it is apparent that the British shipowner or concerned on cargo may be bound to pay in general average an amount quite different from that which they would have been charged with in an adjustment according to British law. The question arises as to the responsibility of marine insurance underwriters under an English policy to accept foreign statement, which may—and frequently does—entail a larger contribution

than would have been required in a statement drawn up in conformity with British practice. As regards this, it is suggested that usage dictates that underwriters must accept foreign statement. "On the general law the plaintiff would fail, but in all matters of trade, usage is a sacred thing. I do not like these foreign statements of average, which make underwriters liable for more than the standard of English law. But if you are satisfied it has been the usage, upon the evidence given, it ought not to be shaken." (*Re Buller, J., in Newman v. Cazalet.*) Apparently the usage was accepted by the jury, but in *Power v. Whitmore*, 1815, Ellenborough, L.C.J., stated that "the general average to which the underwriters are liable is that alone which is admitted by the law of England." These two dicta are reconciled by the statement that English underwriters are bound by usage to accept foreign adjustments of general average only in so far as no principle admitted in the adjustment is in conflict with English law on the subject.

In practice, the difficulty is provided for by means of the F.G.A. clause. That in the Institute Time clauses (Hulls) is as follows—

"General average and salvage to be adjusted according to the law and practice obtaining at the place where the adventure ends, as if the contract of affreightment contained no special terms upon the subject; but where the contract of affreightment so provides the adjustment shall be according to York-Antwerp Rules 1890 (omitting in the case of wood cargoes the first word, 'No,' of Rule 1) or York-Antwerp Rules 1924."

It is to be observed that the clause does not admit of the introduction of a clause into contracts of affreightments providing that general average is always to be adjusted in accordance with the law of a specified country, a provision often found in American (U.S.A.) bills of lading. This explains the form of the F.G.A. clause in ordinary cargo insurances, viz—

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FOREIGN JUDGMENTS.—By a foreign judgment is understood a judgment given in the ordinary way by a competent court of the country in which it is pronounced. It presupposes a regular trial according to the forms observed in that country, and a regular judicial order at the conclusion of the same. Since, by international law, the laws of one country have no force within the dominions of another state, the judgment pronounced in a country outside England, for instance, has no force whatever by itself, but requires an English judgment to enforce its terms. At one time this was also true of Scotch and Irish judgments; but now, by the Judgments Extension Act, 1868, a judgment given in Scotland or Northern Ireland, if it is registered in England, is enforceable in England by way of execution, etc., just as if it was an English judgment.

But as to judgments pronounced in any other parts of the British Dominions, as well as in any foreign country, it is necessary for the party who has obtained the judgment to obtain a second judgment in this country. This does not mean that a second trial of the action has to take place. The plaintiff sues on his judgment, and unless he is able to be met by any such defence as is pointed

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But as to judgments pronounced in any other parts of the British Dominions, as well as in any foreign country, it is necessary for the party who has obtained the judgment to obtain a second judgment in this country. This does not mean that a second trial of the action has to take place. The plaintiff sues on his judgment, and unless he is able to be met by any such defence as is pointed

out below, he sues by means of a specially indorsed writ and proceeds under Order XIV (*q v*). The foreign judgment is held to be, as it were, a kind of contract, and the claim is for a liquidated sum, the defendant being generally estopped from denying the validity of the same. But a foreign judgment creditor must not forget the Statute of Limitations. The foreign judgment debt is only a simple contract debt, and must be sued upon within six years of its date, whereas an English judgment debt, *s e*, a judgment pronounced by an English court, is valid for twelve years.

The principal ground upon which a defendant can resist judgment is fraud. But a very strong case will have to be made out to induce the English court to interfere. There will be no interference on the ground of mere mistake, or that the foreign court has gone wrong on particular facts or law. It is obvious, therefore, that each case must depend upon its own merits, with a strong tendency to uphold the foreign judgment if possible. To interfere too much with foreign procedure would certainly lead to international difficulties. Other grounds upon which a defendant will be able to resist judgment being given against him are that the foreign court acted without jurisdiction, that the subject matter was immoral or illegal, that the judgment is an attempt to enforce the penal or revenue laws of the foreign State, that the foreign judgment was obtained in respect of a tort which, although giving rise to a civil action abroad, is not the subject of a civil action in this country. Where a foreign judgment is given in favour of the defendant, the plaintiff cannot take any action in an English court in respect of the same subject matter in any shape or form. The foreign judgment is final.

FOREIGN LAW.—The law of one State has no force within the dominions of another State. Therefore, if an action is brought in England, English law is alone applicable to the particular case in question. This does not mean, however, that foreign law is altogether ignored. A knowledge of it may be required to explain certain particular points connected with the case, with the status of the parties, etc. For this purpose, since foreign law is a question of evidence, the law of evidence requires that it shall be proved by one or more expert witnesses. The general practice is to call a duly qualified member of the legal profession in the country of which the law is in question as a witness, and to get him to explain the same. This very frequently happens in matrimonial causes. The English court will not assume jurisdiction in such matters unless it is satisfied that the domicile (*q v*) of the parties is English and that there has been a legal marriage. Suppose the alleged marriage was celebrated abroad and the validity of the ceremony is questioned. Before the question could be decided, it would be necessary to have the evidence of a duly qualified member of the legal profession of the country in which the ceremony took place to attest as to the validity or invalidity of the same. Two Acts of Parliament were passed, in 1859 and 1861, to try and remedy the inconvenience that must certainly arise on occasions from this mode of procedure, but they have never been put into any practical force.

FOREIGN MARKETS, HOW TO GET IN TOUCH WITH.—The methods by which the manufacturer can get into touch with overseas markets, and create a demand in them for his products, are perfectly simple if an effort is made to understand the struc-

ture of the great export trade which Great Britain in particular has built up in the course of centuries. What baffles the untrained manufacturer is the apparently impassable wall which the merchant shipper and the commission buyer present between him and the importer. They must be passed if the importer is to be induced to indent for, and the overseas consumer to demand from the importer, a particular line of goods, yet they must not in any way be antagonised, nor can the financial facilities they provide be dispensed with. The problem is to create the demand, and even initiate the specific order in the overseas market, while accepting the order and receiving payment from intermediary firms in England. Merely to appoint a London representative to canvass the shipping houses is a feeble and inadequate policy foredoomed to disappointment and failure. It is a first and essential step, but it must be reinforced by measures of a far more comprehensive character.

Export Representation. Most important is the appointment of efficient representatives in the overseas markets which it is desired to serve. A preliminary trip for this purpose may be made by a special representative—a principal of the firm if possible—whose main object should be a general investigation of the business opportunities offering. Following such a visit comes the need for representation on permanent lines. A salaried man solely devoted to one firm's interests is neither necessary nor likely to prove profitable for this. What is wanted is an established commission agent holding a group of allied lines, and able to prove that he possesses the right sort of connection among buyers. He would work on a moderate expenses allowance and commission on all orders emanating from his territory, and his duties would be to canvass the wholesale importers, showing samples and quoting prices, and inducing them to indent on their home shipping or buying connections for the goods. He would notify his principals of such promised indents, and it would be their duty to arrange for confirmation by the merchant shipper or commission buyer entrusted with the indent. This method of working not only avoids antagonising the home shipper and buyer, for it in no way usurps their prerogatives and responsibilities, but actually operates in their interests by beating up a certain amount of business which would not otherwise pass through their hands. The actual salesmanship is performed by the commission representative, who gets into personal touch with the ultimate customer—the importer—and who can also render invaluable service by providing constant information and advice concerning his market. In some trades, notably those handling machinery, the commission representative is conveniently displaced by the merchant-agent, who can hold stocks, undertake contracts, and do other necessary work outside the scope of the ordinary commercial traveller.

Export Advertising. But personal representation is not alone sufficient. It must be backed up by specialised advertising even more than in the home market. The travelling commission agent, probably with a territory covering a million square miles or more, cannot at best make more than two or three round trips in the course of a year. In the necessarily lengthy intervals between his calls on individual buyers not only are "constant reminders" required, but constant information of a stimulative kind concerning the firm's latest

offers to its customers. The best vehicle for this is Press advertising, and as a general rule limited to an appeal to the wholesale trader. It is obvious that no firm can have sufficient capital to expend on placarding the entire globe. Only where a special market is concentrated on can broadcast advertising to the general public be attempted, and then it can only be justified in the case of a proprietary article which must become either a household word or nothing. Therefore, to secure the wholesale importer's interest must be the main object, especially in the earlier stages of an advertising campaign, and he has his recognised organs in which such advertising should appear. These are not necessarily, nor even usually, local publications, the mission of which is more generally to promote the interests of local industries in competition with imported goods. It is the export trade journal published in England which is essentially the vehicle of communication between the home manufacturer and the overseas importer, and the circulation which the prospective advertiser should demand of these is not so much one of magnitude as of quality. The journal which is most widely read by actual importers, even though their number is limited to a few thousands, is worth far more than one claiming an impossibly large and certainly fictitious circulation. The kind of "copy" which appeals is of the strictly businesslike sort, neither cheaply smart nor respectably dull. The importer should be given information on such points as special shipping discounts, qualities which defy climatic influences, methods of packing to save freight, prospects of early delivery, and other similar selling points. A "popular" appeal is wasted on him, give him facts which touch his pocket. Such facts must also be put in simple dictionary language, avoiding British idioms and technical terms calculated to puzzle the foreign student of English. Sometimes the whole advertisement may be given in a foreign language when an issue is to be specially localised, and at all times a striking "message" in French or Spanish may be embodied in a firm's advertisements. Illustrations are, of course, a valuable factor in overcoming the language difficulty. It is almost invariably advisable for a manufacturer to do his principal export advertising from headquarters, entrusting only purely local advertising to his agents abroad.

Export Circulars and Catalogues. The efficiency of circulars and catalogues in placing a manufacturer in touch with importers abroad can undoubtedly be very great, but it depends entirely upon how they are drafted and circulated. With regard to the drafting of this class of advertising literature, it is only necessary to say here that no expense should be spared in providing good printing and substantial form to encourage filing for regular reference by the importer; that reading matter and prices should be in the language and currency of the market aimed at, c.i.f. or through rates being quoted; and illustrations should be freely used. (See also **EXPORT CATALOGUES**.) The cost of distribution through the post amounts to a substantial sum, and much waste is also inevitable unless special lists are obtained and constantly revised. Even in markets where good directories are obtainable, these are necessarily a year or more out-of-date in most cases, while the community of smaller traders is usually in a state of flux sufficient to render the most up-to-date lists unreliable to a marked extent.

For the rest, success in getting into touch with oversea markets depends upon persistent effort on the lines indicated, backed up by a specialised factory service on which the agent abroad can rely to carry out his suggestions and instructions, and to give orders from his market as prompt attention as though he were on the spot to make his personal influence felt on departmental foremen. Above all, the manufacturer himself should give his own attention to the markets he serves, studying their special requirements, and visiting them periodically if possible.

FOREIGN MONEYS.—The coinages of the principal countries of the world, as well as of the greater British Dominions beyond the seas, are given in the following table—

	Approximate par value in English money s. d.
Abyssinia. Monetary unit—Menelik Dollar	2 0
Argentina. Monetary Unit — Peso (paper) of 100 Centavos	1 9
Argentino (gold) of 5 Pesos	19 10
Paper Peso = 44 cents (gold)	
Australia. English as well as Australian coinage circulates throughout the Australian Commonwealth. Sovereigns and half-sovereigns are now coined in Australian mints	
Austria. Monetary Unit—Schilling of 100 Groschen	0 7
There is a nickel coin of 10 Groschen and copper coins of 2 and 1 Groschen	
The Silver Schilling equals 10,000 of the former paper Kronen	
Belgium. Monetary Unit—the Belga of 5 Francs	0 7
There are in circulation bronze coins of 1 and 2 Centimes, nickel coins of 5, 10, and 20 Centimes, silver coins of 50 centimes, 1, 2, and 5 Francs, and a gold coin of 20 Francs	
Notes are issued by the National Bank for 5, 20, 50, 100, 500, and 1,000 Francs	
In the Congo State, the Franc is the coin mostly in use.	
Belgium was a member of the Latin Union	
Bermudas. English money is legal tender, but American money is freely taken, especially at the hotels	
Bolivia. Monetary Unit—the silver Boliviano of 100 Centavos	1 6
(This is most fluctuating in value)	
The nominal gold Boliviano is valued at about 4s	
Brazil. Monetary Unit—Milreis of 1,000 Reis	2 3
Gold—10 Milreis	
Silver—2,000 Reis	
There are copper, nickel, silver, and gold coins, but the circulating medium is principally inconvertible paper money, in which the value of 1 Milreis = 1s 3½d	
British Guiana. Monetary Unit—Dollar	4 2
The currency is British sterling coin.	
British Honduras. The monetary unit	

	Approximate par value in English money. s d.		Approximate par value in English money. s d.
is the gold Dollar, valued in British currency at 4s 1½d, or 4 867 dollars to the pound		10, and 20 Piastres, and gold coins of 50 and 100 Piastres = ½£E and 1½£E	
There is a copper coin of 1 Cent and a nickel coin of 5 Cents; also silver coins of 10, 25, and 50 Cents		Notes of 50 Piastres, 1½£E, 5½£E, 10½£E, 50½£E, and 100½£E are issued by the National Bank	
British North Borneo. Monetary Unit—Dollar of 100 Cents	2 4	Estonia. Monetary Unit—Mark of 100 Pfennige	0 9½
The subsidiary coins are nickel—1, 2½, and 5 Cents—and bronze—½ and 1 Cent		Finland. Monetary Unit—Markka of 100 Pennia..	0 1½
Bulgaria. Monetary Unit—Leva of 100 Stotinkas	0 9½	France. Monetary Unit—the Franc of 100 Centimes	9½
Except for the difference in names, there is a currency in use similar to that of France		There are bronze coins of 1, 2, 5, and 10 Centimes, a nickel coin of 25 Centimes, silver coins of 50 centimes and 1, 2, and 5 Francs, and gold coins of 5, 10, and 20 Francs. The last named is called the "Napoleon," or "Louis"	
Canada. Monetary Unit—1 Dollar of 100 Cents	4 2	Notes are issued by the Bank of France for 5, 10, 50, 100, 500, and 1,000 Francs	
The subsidiary coins are bronze, 1 Cent, nickel, 5 Cents, silver, 5, 10, 25, and 50 Cents, gold, 5 and 10 Dollars		Germany. Monetary Unit—the Reichsmark of 100 Reich Pfennige	1 0
Notes are issued by the Government for 25 cents, \$1, \$2, \$5, \$500, and \$1,000, and by the various banks of Canada for \$5 and upwards, and are in general circulation		There are silver coins of 1 and 3 Reichsmarks, aluminum bronze coins of 5, 10, and 50 Reich Pfennige	
Canary Islands. Spanish money is the currency in use (See Spain)		Greece. Monetary Unit—the Drachma of 100 Lepta	0 9½
Ceylon. Monetary Unit—Rupee (100 Cents)	2 0	There are copper and nickel coins in general circulation	
There are silver coins of 10, 25, and 50 Cents, a nickel coin of 5 Cents, and copper coins of 1 and 5 Cents		Guatemala. Same as Colombia	
Chile. Monetary Unit—Peso (gold) ..	1 5	Guernsey. In addition to the British currency, this island has a special bronze coinage of its own—1, 2, 4, and 8 Doubles	
Peso (paper)	0 6	The Double is of the value of ½d	
Although on a nominal gold basis, the currency is principally paper		Haiti. Monetary Unit—Gourde of 100 Centimos	0 9
China. Monetary Unit—Tael, which varies with the price of silver		American currency circulates	
Colombia. Monetary Unit—Peso of 100 Centavos	4 0	Holland. Monetary Unit—Guilder or Florin of 100 Cents	1 8
Costa Rica. Monetary Unit—Gold Colon of 100 Centesmos	1 10	There are bronze coins of ½, 1, and 2½ Cents, a nickel coin of 5 Cents, silver coins of 10, 25, and 50 Cents, 1 and 2½ Gulden, and gold coins of 5 and 10 Gulden	
Cuba. Monetary unit—Peso of 100 Centavos	4 2	Notes are issued by the Netherlands Bank for 10, 25, 40, 60, 100, 200, 300, and 1,000 Guilders	
Spanish money still circulates, but United States money is everywhere accepted		Honduras. Monetary Unit—Silver Peso of 100 Centavos	4 0
Cyprus. The monetary unit is the Piastre, the value of which is about 1½d		There are in circulation copper and silver coins of 1, 2, 5, 10, 20, 25, and 50 Centavos	
British gold is the general circulating medium		Hong Kong. The monetary unit is the Dollar, which varies with the price of silver	
Czecho-Slovakia. Monetary Unit—Krone of 100 Heller	0 10	There are silver and copper coins	
Danzig. Monetary unit—Gulden of 100 Pfennige	0 9½	Hungary. Monetary Unit—the Pengo of 100 Garas (Groats)	0 9
Denmark. Monetary Unit—Krone of 100 Ore	1 1½	India. Monetary Unit—Rupee of 16 Annas	2 0
There are bronze, nickel, aluminum bronze, silver, and gold coins		The subsidiary coins are bronze, ½ and ¼ Anna, nickel coins of 1, 2, and 8 Annas, silver coins of 2, 4, and 8 Annas and 1 Rupee	
Ecuador. Monetary Unit—Silver Sucré of 100 Centavos	2 0	A Lac, or Lakh, equals 100,000 Rupees. 100 Lacs is a Crore	
There is a gold coin of 10 Sucres (1 Condor) equal to 20s.		A Pie is equal to ¼ Anna or the 192nd part of a Rupee	
Egypt. Monetary Unit—Egyptian pound of 100 Piastres	20 6		
There are bronze coins of ½ Milleme and nickel coins of 1, 2, 5, and 10 Millemes (1 Piastre), silver coins of 2, 5,			

	Approximate par value in English money. s d	Approximate par value in English money. s d
The standard value of the rupee was changed to 2s 6d in the early part of 1920, but there has been a steady depreciation with the fall in silver		
Italy. Monetary Unit—the Lira of 100 Centesimi	9½	
There are bronze coins of 1, 2, 5, and 10 Centesimi, nickel coins of 20 and 25 Centesimi, silver coins of 1, 2, and 5 Lire, gold coins of 5, 10, and 20 Lire		
The money in general use is a paper currency.		
Jamaica. In addition to the British coinage there are in circulation nickel-bronze pence, halfpence, and farthings		
Japan. Monetary Unit—Yen of 100 Sen	2 0½	
The coins consist of Bronze, 5 Rin (½ Sen) and 1 Sen, nickel, 5 Sen, silver, 10, 20, and 50 Sen, and gold, 5, 10, and 20 Yen		
Java. Monetary Unit—Guilder or Florin of 100 Cents	1 8	
Jersey. Like Guernsey, Jersey has a special bronze coinage—pence, halfpence, and farthings		
Korea. Monetary Unit—Gold Yen of 100 Sen	2 0½	
There are gold, silver, nickel, and bronze coins		
Latvia. Monetary Unit—Lat of 100 Santims	0 9½	
There are silver, nickel, and copper coins.		
Lithuania. Monetary Unit—Lita of 100 Cents	0 5	
There are silver coins of 1 and 2 Litai and nickel coins of 50, 20, 10, and 5 Cents.		
Liberia. The Dollar of the United States is the coin in common use There are also silver coins of 50, 25, and 10 Cents, and bronze coins of 2 and 1 Cent		
Luxemburg. The Franc is the monetary unit.		
Madeira. Portuguese money is the currency in use (See <i>Portugal</i>)		
Malta. Only English notes and coins circulate		
Mauritius. The monetary unit is the Indian Rupee of 100 Cents	2 0	
Government notes are issued for 5, 10, and 50 Rupees		
Mexico. Monetary Unit—Dollar or Peso of 100 Centavos	2 0½	
There are bronze, nickel, silver, and gold coins		
Monaco. The monetary unit is the Franc		
Morocco. The monetary unit is the Real of 5 Francs		
Newfoundland. The monetary system is similar to that of Canada, and Canadian coins circulate freely		
New Zealand. English coinage circulates throughout New Zealand, and is the only legal tender		
English bank notes are at a discount of 1 to 2½ per cent		
Nicaragua. Monetary Unit—Gold Cordoba of 100 Centavos	4 1	
Norway. Monetary Unit—Krone of 100 Ore	1 1½	
There are copper coins of 1, 2, and 5 Ore, nickel coins of 50 Ore and 1 Krone, silver coins of 10, 25, and 50 Ore, 1, and 2 Kroner, Gold coins of 5, 10, and 20 Kroner		
Bank notes are also issued of 1, 2, 5, 10, 50, 100, 500, and 1,000 Kroner		
Panama. The monetary unit is the gold Balboa of 2 Pesos	4 2	
Paraguay. Monetary Unit—Peso of 100 Centavos		
Persia. Monetary Unit—1 Kran of 20 Shahis 10 Krans = 1 Toman		
Present exchange, 50 Krans silver or paper = £1		
The coins in common use are the ½ Kran, 1 Kran, and 2 Krans, silver pieces Gold is not in general circulation		
Pern. Monetary Unit—Sol (silver)	2 0	
Gold—Libra (10 Soles)	20 0	
Philippine Islands. Monetary Unit—Peso of 100 Centavos = 50 U S Cents	2 0½	
Poland. Monetary Unit—Zloty of 100 Groschen	0 9½	
Portugal. Monetary Unit—1 Escudo of 100 Centavos	4 5	
Bronze— 5 Reis = ½ Centavo		
“ 10 “ = 1 “		
“ 20 “ = 2 “		
Nickel— 50 “ = 5 “		
“ 100 “ = 10 “		
Silver— 200 “ = 20 “		
“ 500 “ = 50 “		
“ 1,000 “ = 1 Escudo		
Gold is at a premium and is not in general circulation The only gold coins are the old Milreis issue, and their value is as follows—		
Gold—1 Milreis = 1 Escudo		
“ 2 “ = 2 “		
“ 5 “ = 5 “		
“ 10 “ = 10 “		
Rumania. Monetary Unit—Leu of 100 Bani	0 9½	
Coins are issued for denominations as for countries in the Latin Union		
Russia. Monetary Unit—Tchehovnetz, consisting of 10 Roubles (1 Rouble = 100 Kopeks)		
There are copper coins of 1, 2, 3 and 5 Kopeks, silver coins of 10, 15, 20 and 50 Kopeks, and 1 Rouble.		
Serbia. (See <i>Yugo-Slavia</i>)		
Siam. Monetary Unit—Tical of 100 Satang	1 8	
Spain. Monetary Unit—Peseta of 100 Centimos	0 9½	
The coins consist of bronze, 5 and 10 Centimos; silver, 50 Centimos, 1, 2, and 5 Pesetas; gold, 20, 25 Pesetas (Alphonso)		
Notes of 25, 50, 100, 500, and 1,000 Pesetas are issued by the Bank of Spain.		
Gold is at a premium and is not in general circulation.		

	Approximate par value in English money s d.
Sweden. Monetary Unit—Krona of 100 Öre	1 1½
There are bronze, silver, and gold coins.	
Switzerland. Monetary Unit—the Franc of 100 Centimes	0 9½
There are bronze coins of 1 and 2 Centimes, nickel, 5, 10, and 20 Centimes, silver, 50 Centimes and 1, 2, and 5 Francs, gold, 10 and 20 Francs	
Tripoli. Same as Italy	
Turkey. Monetary Unit—the Piastre of 40 Paras	
1 Piastre	0 2
20 Pastres = 1 silver Medjide	
Union of South Africa. Monetary Unit—Pound, as in Great Britain	
United States. Monetary Unit—1 Dollar of 100 Cents	4 2
The coins are copper, 1 Cent, nickel, 5 Cents, silver, 10 Cents (Dime), 25, and 50 Cents, 1 Dollar, also gold, 2½, 5, 10 (Eagle) and 20 Dollars.	
Uruguay. Monetary Unit—Peso	4 3
Venezuela. Monetary Unit—Gold Bolivar of 100 Centavos	
Bolivar	0 9½
Yugo-Slavia. Monetary Unit—Dinar of 100 Paras	0 9½

The Latin Monetary Union consists of those countries which have adopted the same standard coin, though called by different names, equal in value to the franc. The original members of the Union were Belgium, France, Greece, Italy, and Switzerland. The Union is now virtually non-existent.

FOREIGN MONEY ORDERS.—These are money orders issued by the Post Office for the transmission of sums abroad. [See MONEY ORDERS]

FOREIGN TELEGRAMS.—Telegrams dispatched or received from places outside the United Kingdom [See TELEGRAMS]

FOREIGN TRADE.—The commerce which is carried on by traders between different countries

FOREIGN WEIGHTS AND MEASURES.—

Argentina.—The metric system (*q v*) is in use

Austria. The metric system is in use

Belgium. In this country, too, the metric system is in use, and the names of the various weights and measures are the same as those used in France, with the following exceptions: The kilogram is called the livre, the litre the litron, and the metre the anne

Bolivia. As Central America

Brazil. In addition to the metric system, there are certain weights and measures in use which are derived from the old Portuguese. The principal are the following—

(a) *Length.* the covada = 26 247 in, and the vara = 3 84 ft.

(b) *Weight.* the arratel = 1 0118 lb, the arroba = 32 384 lb, and the quintal (100 arratel) = 101 18 lb

(c) *Capacity;* the almeida = 3 684 gals, and the alqueire = 1 i bushels.

Bulgaria. The metric system is in use

Central America. In addition to the metric system, the weights and measures of old Spain are in common use. (See *Spain*)

Chile. Same as Central America.

China. At Hong Kong and the other treaty ports the British weights and measures are in use. The principal native weights and measures are as follows—

(a) *Length.* the fan or fun = 1 41 in, the tsun = 1 41 in, the ohh = 14 1 in, the chang = 141 in, and the yin = 1 410 m = 1 17½ ft.

(b) *Weights.* the tael or leang = 4 oz, the cattie = 1½ lb, and the tan or picul = 133½ lb. The English hundredweight is equal to 84 catties.

(c) *Capacity.* the ho = 2 pts, the sheng = 20 pts, and the ton = 100 pts

Denmark. (a) *Length;* the tomme = 1 029 in, the fod = 1 029 ft., the alen = 2 fod, the faven = 6 fod, the rode = 12 fod, and the mil = 2 000 roder or 4 6805 English miles

The toudé (a measure of area), or the tonde land (14 000 sq. alen) = 1 363 English acres.

(b) *Weight.* the pund = 1 102 lb, and the centner = 100 lb. The pund is subdivided into 16 unser and 32 lod

(c) *Capacity.* the pob = 1 69 pts, the kande = 2 potter, the viertel = 4 kande, the skeppe = 18 potter, the fjerdingkar = 2 skeppe, the tonde = 4 fjerdingkar, and the laest = 12 tonder. The laest is about equal to 45 87 English bushels, and, therefore, the tonde is the equivalent of 3 82 bushels. The anker is a measure of 39 potter, and equal to 8 29 English imperial gallons

Egypt. (a) *Length;* the kirat = 1 1 in., the rub = 6 kirats, the pik = 4 rubs, and the gasab = 4 piks. The gasab is, therefore, about equal to 2 88 English yards

The feddan is a square measure, and is equal to 400 sq. gasab, that is, nearly ½ of an acre.

(b) *Weight.* the rottolo = 1 lb nearly, the oke = 2 75 lb, and the cantar (or 100 rottoli) = 99 lb nearly.

(c) *Capacity.* the ardeb is a grain measure, which varies considerably, according to the grain measured. At Cairo it is equal to about 5 bushels

Finland. The metric system is in use

France. The metric system is in use

Germany. The metric system is that in use, but the names given to the various weights and measures are as follows—

German	Metric system
Stab.	Metre
Strich	Centimetre.
Neuzoll	Millimetre.
Kette	Decametre
Kanne	Litre
Schoppen	Half-litre
Fass.	Hectolitre
Neuloth.	Decagramme.

There are also the weights called the pfund, which is equal to 500 grammes, or 1 023 lb, the centner = 100 pfund, and the tonne = 2 000 pfund. The centner, therefore, is rather less than a hundred-weight (110 231 lb), and the tonne is equal to 19 6842 cwt

Greece. In this country the metric system is in use, but the names used are as follows—

Grecian	Metric.
Pechous.	Metre.
Palame	Decimetre
Daktylos.	Centimetre.
Gramme	Millimetre.
Stadion	Kilometre.
Skionis	Myriametre.
Strenna.	Are.

Grecian

Litra
Kotyle
Mystion
Kybos
Koilon
Drachme.
Obolos
Kokkos

Metric.

Litre
Decilitre
Centilitre
Millilitre
Hectolitre
Gramme
Decagramme
Centigramme.

In addition, there are the *mera* = $\frac{1}{2}$ kilogramme, the *tonos* = 29·526 cwt, and the *oke* = 2·84 lb

Holland. The metric system is in use, but the names used are as follows—

Dutch.

El
Palm
Dum
Streep.
Roede
Mijle
Kan
Maatje
Vingerhoed.
Vat
Wigtje
Korrel.
Lord
Onze
Pond
Bunder

Metric.

Metre
Decimetre.
Centimetre.
Millimetre
Decametre.
Kilometre.
Litre
Decilitre.
Centilitre
Hectolitre.
Gramme
Decagramme
Decagramme
Hectogramme
Kilogramme
Hectare.

The old pound = 1·088 lb

Italy. The metric system is in use, but the names are as follows—

Italian

Metro
Decimetro
Centimetro
Millimetro
Decametro
Ettometro
Chilometro.
Miriametro
Ara
Centiare
Ettare
Litro
Decilitro
Decalitro
Ettolitro
Chilolitro.
Gramma
Decigramma
Centigramma
Milligramma
Decagramma
Ettogramma
Chilogramma
Mirigramma

Metric

Metre
Decimetre
Centimetre.
Millimetre.
Decametre
Hectometre
Kilometre
Myriametre
Are.
Centiare
Hectare
Litre
Decilitre.
Decalitre
Hectolitre
Kilolitre
Gramme
Decigramme
Centigramme
Milligramme
Decagramme.
Hectogramme
Kilogramme
Myriagramme

Japan. (a) *Length*, the *shaku*, which is about a foot, the *ken* = 6 *shaku*, the *tcho* = 60 *ken*, and the *ri* = 36 *tcho*. The *ri* is, therefore, about 2½ English miles. The square *tcho* = 2 4507 English acres.

(b) *Weight*; the *kin*, which is divided into 160 *momme*, equivalent to 1·3251 lb. the *kwan* (6½ *kin*) = 8 2817 lb, and the *tan* = 100 *kin*

(c) *Capacity*, the *shoo* = ·397 gals. or 0·498 bushels, the *to* = 10 *shoo*, and the *koku* = 10 *to*

Mexico. The metric system is in use, but the old

Spanish weights and measures are still in existence.

Norway. The metric system is in use

Persia. (a) *Length*, the *guz* or *zer* is a measure which varies from 36 to 44 in, and the *parasang* = 4½ miles.

(b) *Weight*, the *miskal* = 47·5 grains, and the *maund* = 6½ lb

(c) *Capacity*, the *chemica* = ·289 gals, the *capicha* = 2 *chemicas*, and the *artata* = 1·809 bushels

Peru. The old Spanish weights and measures are in use

Portugal. The metric system is in use

Rumania. The metric system is in use

Russia. (a) *Length*; the *vershok* = 1½ in, the *stopa* = 8 *vershok*, the *arshe* = 2 *stopa*, the *saschen* = 3 *arshe*, and the *verst* = 500 *saschen*. The *verst* is, therefore, equal to 1166·6 yards, or ·663 of an English mile. The *dessiatine* is a square measure equal to 2,400 square *saschen* or 2 acres, 2 roods, 32 poles.

(b) *Weight*; the *funt* = ·9026 lb, the *pud* = 40 *funt*, the *berkovitz* = 10 *puds*, and the *packen* = 3 *berkovitz*. The *packen* is, therefore, about equal to 1083 lb. The *funt* is subdivided into 12 *lanas*, or 32 *lotti*, or 96 *zolotnicks*

(c) *Capacity*; the *tscharkey* = ·27049 gals, the *vedro* = 100 *tscharkeys*, the *anker* = 8·114 gals, the *chetvort* = 46·2 gals, and the *sarokowaja* = 108·196 gals

Serbia. The metric system is in use

South American States. Except as separately noticed, the metric system is that commonly in use

Spain. The metric system is in use, and the names used are the same as in that system, except that the last letter of each weight and measure ends in *o* instead of *e*, e.g., *metro*, *litro*, *gramo*. The word *are* is changed into *area*

The old Spanish weights and measures which are still in use in some parts of Central and South America are as follows—

(a) *Length*, the Spanish foot = 10·958 in., and the *vara* = 2·782 ft. In square measure the *fanegada* = 1½ acres

(b) *Weight*; the *onza* = ·063 lb, the *libra* = 1·1014 lb, and the *quintal* = 100 *libra*, or 110·143 lb

(c) *Capacity*, the *cuartillo* = ·011 gals., the *azumbre* = 4 *cuartillos*, the *cuartilla* = 2 *azumbres*, and the *arroba mayor* = 4 *cuartillos*. The *arroba mayor* is, therefore, equal to about 3·55 gals.

Sweden. The metric system is in general use, but some of the old measures and weights used in Denmark are still to be found, e.g., the *tomme* of 1·029 in, the *alen*, which is equal to 24 *tommes* or 24·714 in; the *lod* is rather more than ½ oz, and the *pund* = 1·102 lb. An English hundredweight = 102 Swedish pounds

Switzerland. The metric system is in use. There is also the weight known as the *pfund* = 1·1023 lb. The *pfund* is divided into 16 *unzen* or 32 *lots*. The standard of length is the foot of 3 decimetres = 11·811 in

Turkey. The metric system is in use, but the names applied are as follows—

Turkish.

Arshin
Oke
Cantaro.
Chequee.

Metric.

Metre.
Kilogramme.
100 kilogrammes
1,000 kilogrammes

United States. The English imperial weights and measures are generally used, but there are also still

in existence certain measures known as the old Winchester measures. These are as follows—

(a) *Liquid*, the pint and gallon are equal to '833 of the imperial pint and gallon. These apply to wines and spirits. A pint of beer = 1 017 pts
(b) *Dry*, the pint, gallon, bushel, and quarter are equal to 968 of the same imperial measure.

FORESTALLING.—This is generally taken to mean any particular advantage which one person obtains in a market over another. In England, at one time, it was an offence for a person to buy up goods whilst they were on their way to market, for the purpose of obtaining higher prices from the retail buyer through having secured for the time being a monopoly in the same. This offence was called forestalling. It was abolished by an Act of Parliament passed in 1844.

FORFEITED SHARES.—A power is given to boards of directors to penalise defaulting shareholders who fail to meet an instalment which falls due upon shares allotted to them. The machinery to be employed by the chairman or secretary of a company having recourse to such means is usually fully provided for in the articles of association regulating the company's procedure. Each step, however, requires the closest and most careful attention, and the least irregularity may render the forfeiture void, with the result that the officials of the company may quite conceivably be held personally liable in damages.

It must be assumed that there is no reasonable doubt that the defaulting shareholder has not received the notice of call or calls having been made. Some steps should be taken before proceeding to be assured of the shareholder's place of abode, or that the notices have not been returned through the post. Thus assured, it becomes the duty of the secretary to write to the shareholder with an intimation that if the instalments are not paid by a certain specified date, a minimum lapse of time being usually provided for under the company's articles, the shares will then become liable to forfeiture, the letter being sent by registered post as an extra precaution against miscarriage. Where this appeal has not met with any response, a second notice will be sent in the same manner drawing attention to the first appeal, and mentioning the Board's intention to forfeit the shares standing in his name or such as are in default, with a reminder that he will, nevertheless, remain liable for the unpaid call, notwithstanding the fact that he may cease to be the holder of the shares. If payment is still withheld after the date specified in the second notice, it then becomes necessary for the secretary or director to appear before a Commissioner for Oaths to make an affidavit setting out the following—

1. That the declarant is either the secretary or a director of the company.

2. That the usual notices have been posted as to the calls having been made, such calls being in pursuance of conditions set forth in the prospectus or other document dealing with the issue of the shares, or that the call has been made by resolution of the directors, as provided for in the powers given them in such matters.

3. That two notices, specifying the date of each, were sent through the post, the posting of which could be testified by registered letter receipts containing the address of the defaulter, and that up to that time neither call notices nor registered letters have been returned by the postal authorities.

4. That neither the instalments or calls in question, nor any part thereof, have been received in payment.

5. That due notice had been given of the Board's intention to render the shares forfeit and of their intention to re-issue the said shares in any manner they may deem expedient, and, further, if the shares have already been re-issued, the persons or person in whose name the shares now stand must be mentioned, and that the directors have acted in manner under powers conceded to them by certain specified clauses in the company's articles of association.

It is important to note here that the power with which directors are invested in regard to these matters must be employed only for the purpose for which these provisions have been framed. Instances have been known where directors have improperly made use of these powers by attempting to get rid of an unwelcome name on the register of members, and where forfeiture was wholly unwarrantable. The clauses of Table A, which forms the first schedule to the Companies (Consolidation) Act, 1908, dealing with this question (Nos. 24-30 inclusive) are very precise and to the point. They are framed solely for the purpose of affording boards of directors the opportunity of inflicting a penalising measure to defaulters on the register of members, and these powers cannot be invoked for any other purpose.

It is competent for the directors to dispose of shares which have been surrendered or rendered forfeit in the manner above described, in any way they think fit, but the forfeiture must always be carried out by means of a resolution passed by the directors at a meeting properly convened and when a quorum is present. Upon the date of forfeiture, the member so surrendering his shares ceases to be a member in virtue of the shares so forfeited, but he, nevertheless, remains liable for the moneys due upon those shares and the directors may take such action as they think fit for the purpose of obtaining payment. It should be noted, by Clause 30 of Table A, though this may not apply to all companies unless incorporated in their articles of association, that shares are liable to forfeiture through non-payment of a premium, in the same manner as for shares issued at par.

In the financial books entries must be made to deal with the alteration caused by the forfeiture in the issued capital account, and a new account must be created dealing with the value of the shares forfeited, or the amount so forfeited on those shares, the issued capital account being reduced by the full nominal value of those shares. To accomplish this, a journal entry similar to the following will be necessary—

Share Capital.	Dr.
To Forfeited Shares Account	
„ Call Account	

This entry will reduce the share liability to the extent of the nominal value of the shares forfeited, at the same time eliminating the debit balance for calls unpaid, and creating a new liability in the shape of forfeited shares. This latter liability is something of a misnomer, inasmuch that it cannot be claimed by anyone, but the company must nevertheless show this item separately in all succeeding balance sheets, as it must not be assimilated with profit and loss, reserves, or capital accounts.

When the Board decide to re-issue the shares

which have been surrendered, the issued share capital account is credited, and the person to whom the shares have been allotted will be debited with the amount still due upon them, in addition to a premium which the directors might impose to make the payment of the new allottee equivalent to the current value of the shares. Where re-issues take place, the forfeited shares account is debited, the operation being represented by the following formula—

Forfeited Shares Account,	Dr
Shareholders (Personal Account),	Dr
Premium on Shares Account,	Cr
Share Capital Account,	Cr

the effect of this entry being to re-establish the issued capital account at its former amount, and a permanent liability in the shape of premiums on shares, instead of a forfeited shares account, as mentioned above, which would be eliminated by this latter entry, the debit made to the shareholders' personal account being made by a payment in cash and so balanced.

Particulars of shares forfeited are required to be given in the annual summary [q v]

FORFEITURE.—Formerly, when a person was convicted of a felony (q v), but not of a misdemeanour (q v), forfeiture of land and goods followed the conviction, but this severe penalty was finally abolished by a statute passed in 1870 in all cases except outlawry, and as outlawry is practically extinct, so forfeiture of goods and lands has become obsolete, as far as a general seizure of the whole of the same is concerned. But there are many statutes in force which impose forfeiture of special goods to which certain offences relate. Thus, if an attempt is made to smuggle tobacco or certain other goods which are liable to customs duties, not only is the smuggler subject to penalties, but forfeiture of the goods follows as a matter of course. Also for offences against the game laws and fishing, the offender is subjected to the forfeiture of any implements which he has in his possession for the carrying out of his purpose, such as snares, nets, etc.

In Scotland, forfeiture of movables still exists if a person is sentenced to death, or is convicted of certain crimes.

As to land alone, forfeiture to the Crown may still take place in case of an alienation in mortmain [q v], but this rarely happens.

Much more important, from a business point of view, is the case of forfeiture as between landlord and tenant, when a lease is liable to be forfeited for a breach of any of the covenants contained in the lease. Formerly this forfeiture worked great hardship in many cases, but by reason of the Conveyancing Acts of 1881 and 1892 the enactments of which are contained in the Law of Property Act, 1925, the court now has power to grant relief against forfeiture, under certain procedure and subject to certain conditions being complied with by the tenant, in all cases except the following. (1) a condition for forfeiture upon the bankruptcy of the tenant or lessee, or upon the taking possession of his interest under an execution which is enforced more than a year after the bankruptcy, (2) a covenant contained in a mining lease giving the lessor the right of access to and inspection of the premises, books, etc. Forfeiture of a lease takes place also if a tenant sets up a title to the property adverse to that of the landlord.

FORFEITURE OF SHARES.—(See FORFEITED SHARES.)

FORGED CHEQUES.—(See FORGERY (BILLS, CHEQUES, AND NOTES).)

FORGED TRANSFERS.—The seller of registered stock or shares has not completed his bargain until he has delivered a transfer duly executed by the registered proprietor, and if by any chance the transfer he delivers is a spurious one, the signature of the transferor being a forgery, it is, of course, not a good delivery. In the ordinary way, if a company or the agents appointed by a Government, municipality, or company, as the case may be, give effect to a forged transfer, the transferor out of whose name the stock has been wrongfully transferred has recourse against such company or transferring agent. With a view to protecting purchasers of stock and shares from loss through forged transfers, the Forged Transfers Acts, 1891 and 1892, were passed. The adoption of these Acts is not compulsory on companies, though many, and practically all the railway companies, have placed themselves under the provisions of the Acts, the principal provisions of which are—

"(1) Where a company or local authority issue or have issued shares, stock, or securities transferable by any instrument in writing, or by an entry in any books or register kept by or on behalf of the company or local authority, they shall have power to make compensation by a cash payment out of their funds for any loss arising from a transfer of any such shares, stock, or securities in pursuance of a forged transfer or of a transfer under a forged power of attorney, whether such loss arises, and whether the transfer or power of attorney was forged before or after the passing of this Act, and whether the person receiving such compensation, or any person through whom he claims, has or has not paid any fee or otherwise contributed to any fund out of which the compensation is paid. (The words 'whether such loss, etc.' were added by the 1892 Act.)

"(2) Any company or local authority may, if they think fit, provide either by fees not exceeding the rate of 1s on every £100 transferred, with a minimum charge equal to that for £25, to be paid by the transferee upon the entry of the transfer in the books of the company or local authority, or by insurance, reservation of capital, accumulation of income, or in any other manner in which they may resolve upon, a fund to meet claims for such compensation. (The words 'with a minimum charge equal to that for £25' were added by the 1892 Act.)

"(3) For the purpose of providing such compensation, any company may borrow on the security of their property, and any local authority may borrow with the like consent and on the like security and subject to the like conditions as to repayment by means of instalments or the provision of a sinking fund, and otherwise as in the case of the securities in respect of which compensation is to be provided, but any money so borrowed by a local authority shall be repaid within a term not longer than five years. Any expenses incurred by a local authority in making compensation, or in the repayment of, or the payment of interest on, or otherwise in connection with, any loan raised as aforesaid, shall, except so far as they may be met by such fees as aforesaid, be paid out of the fund or rate

on which the security in respect of which compensation is to be made is charged

"(4) Any such company or local authority may impose such reasonable restrictions on the transfer of their shares, stock, or securities, or with respect to powers of attorney for the transfer thereof, as they may consider requisite for guarding against losses arising from forgery

"(5) Where a company or local authority compensate a person under this Act for any loss arising from forgery, the company or local authority shall, without prejudice to any other rights or remedies, have the same rights and remedies against the person liable for the loss as the person compensated would have had"

The liability of the company in connection with forged transfers consists of (1) the replacement of the stock or shares in the name of the real owner whose name has been forged, and (2) the repayment of any dividends that have been wrongfully paid to the transferee from the date of the registration of the transfer

Where the original transferee under the forged transfer still holds the stock or shares, the purchaser acquires no rights whatever, as the forged transfer is a nullity, and confers no title to the stock or shares. If the transferee is placed on the register as a member it is the company's duty to remove his name from the register and restore that of the true owner

Where, however, the transferee has received a share certificate from the company and sold the stock or shares to a third person, the question becomes more complicated inasmuch as the third person has purchased under a genuine transfer and the company is estopped by its share certificate from denying that the third person has a valid title. In that event, the company must still restore the original owner to the register, and also pay compensation to the third person. The company, however, will have a right of indemnification for all costs and expenses against the person who lodged the forged transfer with the company (*Sheffield Corporation v Barclay*, 1905, 21 T.L.R. 642)

The position of the innocent transferee under the forged transfer also requires to be considered. His title to the shares being obtained through a defective instrument, he loses all rights to the shares and also has to repay all dividends he has received.

He will, however, have a right of recovery against the stockbroker through whom he purchased the shares, whilst the broker's only recourse would be against the forger, i.e., the person who has defrauded him.

The precautions to be observed against the acceptance of forged transfers are as follows—

(1) Comparison of signatures. The signature of every transferor should be compared with his signature when the stock or shares was acquired, if by transfer, with the transfer deed, if by allotment, with the original application.

(2) Notice should be forwarded to the transferor in a plain envelope to the registered address of the shareholder or his legal personal representative, stating that a transfer has been lodged at the company's office for registration, and that if no intimation to the contrary is received by return of post, it will be assumed to be in order and dealt with in the usual manner.

(3) The original share certificate must be surrendered to the company and cancelled.

FORGED TRANSFERS, INSURANCE AGAINST.

—Policies are issued to companies insuring them against legal liability for losses arising as the result of the registration of a forged transfer.

The premiums are calculated on the annual amount of considerations shown in the transfers registered, and are on a sliding scale, as follows—

Annual considerations for transfers, £50,000	6d %
between £50,000 and £100,000	.. .. 4d "
" £100,000 and £500,000	.. .. 3d "
over £500,000	.. .. 2d "

The policy covers loss by reason of forgeries committed and discovered during its continuance, but can be extended to cover forgeries committed prior to its issue but discovered during its continuance by payment of an additional single premium calculated on the following scale—

Where the Company has been in existence	An additional single premium equal to
1 Not more than 2 years	The first annual premium
2 " " 3 "	1½ times the first annual premium
3 " " 5 "	Twice " " "
4 " " 7 "	2½ times " " "
5 Ten years or more	3 " " "

Any limited company may adopt the provisions of the Forged Transfers Acts, 1891 to 1892, whereby it has the power to make cash payments out of its own funds for any loss arising from a transfer of any shares, stocks, or securities in pursuance of a forged transfer or of a transfer under a forged power of attorney whether it is strictly liable or not.

The policy can be extended to cover the company in respect of any payments they make under those Acts at double the above rates.

As in many cases, the loss would fall upon the stockbrokers, policies are issued indemnifying them against liability by reason of their having innocently dealt with a forged transfer. The policy also covers losses arising in the course of business from innocent dealings in forged or stolen warrants, coupons, receipts, or other documents respecting a title to property excluding bank notes, bills of exchange, promissory notes, and documents of a like nature other than Treasury bills.

The rates of premium charged are 5s per cent per annum upon the amount of the indemnity for policies issued to members of the London Stock Exchange, and 10s per cent to members of a provincial stock exchange.

FORGERY.—This offence, which is of the gravest import in a commercial community, has been defined as the fraudulent making or alteration of any document by a person with the intention of prejudicing another person.

Various statutes have been passed at different times by which forgery has been constituted a felony, but where there is no particular statute applicable to the special offence of forgery complained of, the forgery is a misdemeanour at common law, and any person found guilty of the offence is liable to be punished criminally. Thus, a forged testimonial as to the character of a person is a common law forgery.

Speaking generally, a document which is forged is absolutely valueless, as no person can obtain any rights whatever through the same. See the articles on FORGED TRANSFERS, FORGERY (BILLS, CHEQUES, AND NOTES), in which the commercial aspect of this offence is dealt with.

FORGERY (BILLS, CHEQUES, AND NOTES).—The important part that negotiable instruments

play in commerce makes it essential that the greatest care should be given to maintain the genuine character of the documents. Much of what is contained in the present article is applicable to negotiable instruments other than bills, cheques, and notes, although these alone are here specially dealt with.

By Section 24 of the Bills of Exchange Act, 1882, it is provided—

"Subject to the provisions of this Act, where a signature on a bill is forged or placed thereon without the authority of the person whose signature it purports to be, the forged or unauthorised signature is wholly inoperative, and no right to retain the bill or to give a discharge thereof against any party thereto can be acquired through or under that signature, unless the party against whom it is sought to retain or enforce payment of the bill is precluded from setting up the forgery or want of authority. Provided that nothing in this Section shall affect the ratification of an unauthorised signature not amounting to a forgery."

In connection with this Section it is necessary to bear in mind the estoppels (*qv*) which bind the acceptor and the indorser of a bill. These are dealt with in the separate articles headed ACCEPTOR and INDORSER. It must also be remembered that bankers are specially protected in the case of forged indorsements of cheques, when those cheques are drawn on their own banks. This is referred to hereafter. It is necessary to bear these matters in mind, since it will be noticed that the Section is "subject to the provisions of the Act."

For the present purpose, forgery may be defined as the fraudulent making or alteration of any document with the intention of prejudicing another person, and the offence has been made a felony by statute. It is the intent to defraud which makes the offence so grave, and if the intent is negatived there is no forgery. There are many ways in which forgery can be committed, the discussion of which belongs properly to the criminal law, and the present article is confined to the consideration of the civil liabilities that arise in the cases where signatures are fraudulently placed upon a bill, whether as drawer, acceptor, or indorser (or, in the case of promissory notes, as maker or indorser), and where signatures are fraudulently placed on cheques. Finally, a short notice is given of forged bank notes.

It is to be borne in mind that the names of various parties are obtained in connection with bills and cheques, if they pass through various hands, in order to make them liable upon the instruments. Directly the name of any person is found upon a bill or a cheque, he is *prima facie* responsible for the payment of the instrument. It is of the utmost importance, therefore, that the greatest possible protection should be afforded when a name has been forged, or when a signature has been affixed without any authority. "A forged signature is wholly inoperative." It cannot be ratified.

The holder of a bill, even though he is a holder in due course (*qv*), has no right to retain a bill which bears a forged signature, he cannot give a discharge for it, and he cannot sue upon it. But in order that these rules may operate in their entirety, the holder must have taken the bill "through or under" the signature, i.e., the signature must have been a necessary part of the instrument, so as to pass it from the last possessor to the holder. This

presents no difficulty if it is the signature of the drawer or of the acceptor which is forged. The bill is valueless in either of these cases. But it is not always so where an indorsement is forged. It depends entirely upon whether the bill is specially indorsed (*qv*) or indorsed in blank (*qv*). So long as the bill remains specially indorsed, the signature of the person to whom or to whose order the bill is negotiated must be a genuine one, for a title to the bill can be made only "through" the indorsement. But if the bill is indorsed in blank, the signature of the transferor is not necessary to pass the title to the transferee. (See INDORSEMENT.)

This is not always easy to follow, as every careful business man requires the immediate transfer of a bill to indorse it, so that he may be held responsible in case the bill is not met. The additional name is, in fact, an added security. But the statement goes further. If the signature is a necessary one and it is forged, no title to the bill can be made through it. If it is not necessary in order to pass the bill and yet the forged signature is on it, the forged signature does not affect the title of the holder. He does not hold "through or under" the signature.

The liability to loss through forgery should render the person who takes a bill of exchange extremely cautious as to the identity of his transferor and the genuineness of his signature. Bills should not be taken indiscriminately from strangers. If such transferor is a man of substance, and he has actually signed the bill himself, the holder will be protected in case any of the previous signatures turn out to be forgeries, as he can sue the transferor upon the consideration (*qv*). The indorser enters into certain engagements by indorsing the bill, and is estopped from denying certain facts, including the genuineness and regularity in all respects of the drawer's signature and all previous indorsements. (See INDORSER.) If, however, a holder does manage, in spite of a forgery, to obtain the amount of the bill, he cannot retain the money. The bill is not discharged, and the true owner may compel the person who has paid the bill to give it up, and such person has a right over as against the holder who has been wrongfully paid. In the ordinary course of events it is the acceptor who meets the bill at maturity. If, then, payment is made to a holder of a forged bill by the acceptor, and the bill is delivered up, the rightful owner can demand the bill back and can sue the acceptor either on the instrument or on the consideration. The acceptor will then have a right of action against the holder for what is called "money had and received," or for conversion of the bill. It will then be the turn of the holder to seek his remedy against his transferor. The transferor will then proceed against his own transferor, and so on. Last of all the indorser or other person who took *through* the forged indorsement will come into possession of the bill, and his remedy will generally be of no avail. It will have been observed that the rightful owner of a bill which has been forged with the owner's signature has his first right of action against the acceptor, if the acceptor has paid the bill. If it happens that the acceptor has paid the holder, and the holder cannot be found, it is the acceptor who is the sole loser. There is no one against whom he can proceed.

As far as a bill or a promissory note is concerned, a banker is in no better position than any other person if he pays under a forged indorsement, though he is protected, as is shown later, if he pays

a bill on demand drawn upon himself, i.e., a cheque, bearing a forged indorsement. Bills are very frequently made payable at banks. A banker should, therefore, make special arrangements with his customers so as to minimise his chances of loss. If he fails to do so, and pays a bill bearing a forged acceptance or a forged indorsement, he cannot charge his customer with the amount paid. It is a banker's duty in the case of bills to see that all the indorsements are genuine—the signature of the acceptor is, of course, known to him in the ordinary way. He is not bound, however, to inquire into the genuineness of the signature of the drawer, as the acceptor himself, by the act of accepting, is estopped from denying the genuineness of the signature of the drawer. (See ACCEPTOR.) A banker who has paid a forged bill must give immediate notice to the holder whom he has paid that the bill is a forgery, so that such holder may at once proceed to recover against antecedent parties, not on the bill, for that is valueless if he obtained possession "through" a forged signature, but upon the consideration for which the bill was taken.

It would appear that there is no possibility of relief being granted in these cases of forgery, except where the party against whom such relief is sought is precluded by his own conduct from setting up the fact of the forgery as a defence. As it was pointed out above, a forgery cannot be ratified, and its existence renders the bill *prima facie* valueless. Thus, in an old case, a bill bearing a forged acceptance was negotiated to a holder in due course. The holder discovered the forgery and threatened to prosecute the forger, but was prevailed upon not to do so by the acceptor who wrote him a letter, stating: "I hold myself responsible for the bill . . . bearing my signature." It was held that the acceptor was not liable on the bill, as the forgery of his signature could not be ratified. But where an acceptance was really forged, and the holder in due course having been informed that such was the case, wrote to make inquiries of the acceptor about it, and the acceptor replied that the signature was genuine, it was held that his conduct was such as to preclude him from setting up the forgery in an action on the bill. As to the other grounds of defence, through negligence, etc., each case must depend upon its own facts, and it will be a question for a jury to state what is the nature of the whole transaction, and for the court to decide upon the liability resting upon the parties to the bill upon the jury's findings. In order to prevent difficulties arising, the court will restrain by injunction the negotiation of a bill held under a forged signature, or order it to be given up for cancellation. Also a defendant who believes that a bill is forged may at any time, by notice in writing, require the bill to be produced for his inspection.

The danger and the loss that may arise from forgery only tend to emphasise the need of precaution in accepting a bill or a cheque. If the bill or cheque bears a large number of indorsements, the transferee should decline to accept it unless he is acquainted with the signatures themselves, or obtains the indorsement of his immediate transferor, knowing him to be a man of sound financial standing and fully able to pay the amount of the instrument if it turns out to be irregular in any fashion.

The civil liability has alone been considered here. Of course, if the actual forger, or any person who

has assisted in the forgery, is discovered, he may be prosecuted and convicted for the felony.

Closely connected with a forged signature is an unauthorised signature, and the consideration of the latter naturally falls within the scope of the present article. A forged signature must be distinguished from an unauthorised signature, though the effect of the two is the same, in the absence of a ratification of the unauthorised signature. Every forged signature is, of course, unauthorised, but it does not follow that every unauthorised signature is a forgery. For example, a member of a partnership firm may sign a bill in the firm's name. He may have authority to sign the name, but he may also have no authority to sign bills. It is then a question of fact as to whether a bill so signed bears an authorised signature or not. It must always be remembered that a person who takes a bill bearing a procurator signature must be on his guard, and inquire as to the circumstances under which the authority to sign has been given. It is not necessary that the authority should be given in writing.

This necessity for carefulness is specially provided for by Section 25 of the Bills of Exchange Act, 1882, which is as follows—

"A signature by procurator operates as notice that the agent has but a limited authority to sign, and the principal is only bound by such signature if the agent in so signing was acting within the actual limits of his authority."

Two illustrations may make the point as to unauthorised signatures clearer. A, a partner in a trading firm, fraudulently accepted a bill in the firm's name for a private debt of his own. It was negotiated to a holder in due course. In an action on the bill it was held that the firm was liable under A's signature. Any member of a trading firm may sign on behalf of the other members, and unless there are suspicious circumstances connected with the case, the firm must take the consequences. On the other hand, where a partner fraudulently indorsed a bill in the firm's name to a person who afterwards received payment from the acceptor, such person being aware of the fraud, it was held that the money was recoverable. The remarks made in connection with forgery as to payment being made through or under the signature must be borne in mind. The fact that there is a signature on a bill which is not authorised is not sufficient to render it valueless. It must be such a signature as is necessary in order to give the holder a title to the bill itself. The chief difficulty which may arise, however, is where an incomplete instrument has been given, and a definite authority imposed as to the manner in which the document is to be filled up. (See INCHOATE INSTRUMENT.) If the person to whom an inchoate document is delivered exceeds his authority, he becomes liable to the person whose signature he has obtained for any loss arising through such excess of authority. But if the bill is transferred to a holder in due course, there is no defence to an action upon it. The wording of the bill may be unauthorised, but the signature is neither a forgery nor is it unauthorised, and the holder has a perfectly good title. The latter portion of Section 24, quoted above, specially provides that an unauthorised signature, not amounting to a forgery, may always be ratified. This is in accordance with the general law of agency.

As to a cheque, a tradesman or other person who takes a cheque bearing a forged signature is in just the same position as if he takes a bill which has

been similarly dealt with. He has no title to the cheque, and his only remedy is against his immediate transferor—if he can discover him. If he has obtained payment of the cheque, he must refund the amount to the true owner. With a banker, however, the case is different, but only by statute, for otherwise the business of the world could not be carried on. There is no hardship in this. A tradesman is not compelled to take a cheque which is not drawn by his own customer, and he generally knows the people with whom he deals, and can recognise the signature of the drawer. But a banker has to pay out money to thousands of people whom he cannot know by sight, and with whose signatures he cannot, naturally, be acquainted. Of course, if the drawer's signature is forged, the banker paying such a cheque cannot charge his customer's account with the amount. A banker is himself responsible if he pays a forged cheque, i.e. where the drawer's signature is forged, for it is his business to know the same, unless he can show that he was misled by his customer.

By Section 60 of the Bills of Exchange Act, where a banker on whom a cheque is drawn pays it in good faith and in the ordinary course of business, he is not liable for the indorsement of the payee or any subsequent indorser, even though the indorsement is forged. But if a banker gives cash for a cheque drawn upon another banker, he is not protected by Section 60, and is liable like any other person. Protection is afforded by Section 80 to a banker on whom a crossed cheque is drawn, if he pays it in accordance with the crossing. It runs as follows—

"Where the banker, on whom a crossed cheque is drawn, in good faith and without negligence pays it, if crossed generally, to a banker, and if crossed specially, to the banker to whom it is crossed, or his agent for collection being a banker, the banker paying the cheque, and, if the cheque has come into the hands of the payee, the drawer, shall respectively be entitled to the same rights and be placed in the same position as if payment of the cheque had been made to the true owner thereof."

And a banker who collects a crossed cheque for a customer is also protected by Section 82—

"When a banker in good faith and without negligence receives payment for a customer of a cheque crossed generally or specially to himself, and the customer has no title or a defective title thereto, the banker shall not incur any liability to the true owner of the cheque by reason only of having received such payment."

Where a crossed cheque with a printed form of receipt thereon is payable only when that receipt is duly signed, and the signature on the receipt is forged, the order to pay not being unconditional and the document, therefore, not a cheque, as recognised by the Bills of Exchange Act, the banker collecting the money for a customer is not protected by that Act, but protection is given by the Revenue Act, 1883.

Promissory notes are subject to exactly the same rules, as far as forgery is concerned, as bills of exchange, allowance being made for the fact that the parties are not quite the same, the maker of the promissory note occupying the position of the acceptor of a bill of exchange, and there being no person to correspond to the drawer.

Bank notes are sufficiently dealt with in a separate article, and their forgery is a much more complicated

matter than the forgery of bills and cheques, seeing that these instruments are printed. A slight interference with a bank note may render it valueless. Thus, in one case, where the numbers on certain Bank of England notes had been altered, the intention being to prevent the notes (of which payment had been stopped) being traced, it was held that the innocent holder for value could not recover from the Bank of England because the notes had been altered in a material part. If a banker, unknowingly, gives forged bank notes in payment of a cheque, they do not operate as a payment. And as a transferor by delivery warrants to his immediate transferee, being a holder for value, that a note is what it purports to be, if the transferee receives a forged bank note, he can reclaim the money represented by the note from his transferor, provided he makes his claim within a reasonable time.

FORMALDEHYDE.—A substance occurring either as a gas or in aqueous solution under the name of Formalin, having a peculiar pungent odour, and prepared by passing a current of air and methyl alcohol vapour over heated spongy platinum as a catalyst. It is employed as a disinfectant, antiseptic, and preservative, and for hardening photographic films. In recent years it has become of great importance in the manufacture of synthetic resins and plastic substances by the action of formaldehyde upon phenol and urea.

FORMATION OF A COMPANY.—(See COMPANIES.)

FORM E.—(See ANNUAL SUMMARY.)

FORM LETTERS.—These are stock letters used in cases in which identical answers are sent to inquirers as and when required. Various letters are composed, and marked 1, 2, 3, and so on—or A, B, C, etc.—so that, with the morning's mail before him, the head of the department is able to give instructions for most of the replies to be prepared by simply marking the correspondence "Send letter 1," "Send letter 2," leaving only the letters needing special replies for his later attention. The typist has her copies of the form letters and knows what replies to send. She may even have the separate letters ready and needing only the matching in of the date, name, and address. Thus, of course, means a great saving of time. The disadvantage of form letters is the lack of the "personal touch," so valuable in some businesses, particularly when dealing with prospective customers. (See STOCK PARAGRAPHS.)

FORM OF APPLICATION.—Whenever a new joint-stock company is being floated, it is the common practice for an appeal to be made to the public to apply for a share or a number of shares, and the form which is issued for that purpose is called the form of application. The form is filled up by the applicant for shares, who states the number which he wishes to be allotted to him and also the amount of money which he has paid as a preliminary to the company's bankers as a proof of good faith. The form, when filled in, is taken or sent to the bank, or to some other place which is denoted, and the counterpart of the form, which is filled in by the bank cashier, or some other authorised person, is the receipt for the money paid. (See APPLICATION FOR SHARES.)

FOR MONEY.—This Stock Exchange term denotes that dealings are for immediate delivery of the security instead of for the next settlement.

FOR THE ACCOUNT.—This term is used to indicate that a bargain is entered into for settlement.

on the ordinary account or settling day. Supposing the ordinary settling day to fall upon 31st August, a purchase of £10,000 of Southern Deferred Ordinary Stock effected on the 20th of that month (for the account) would indicate that the bargain was entered into with a view to payment being made on the following account day, namely, 31st August. The alternative would be to buy or sell "for money" or "for cash," this being sometimes done. Bargains entered into after 12 o'clock on the first day of the settlement are usually for the following account; when it is desired to indicate this, it is stated that a bargain is "for new time."

FORTIFYING.—This term signifies the mixing together of various qualities or growths of wines or spirits for the purpose of improving or strengthening the whole.

FORWARD DELIVERY.—Delivery within a stated period or at some future time, *i.e.*, delivery does not take place at once.

FORWARD EXCHANGE.—Before the war, rates of exchange were generally very stable, moving only a fraction of a unit over long periods. There was, therefore, little risk attached to delay in buying or selling foreign currency in connection with an import or export of goods. Incidentally, we were then in a better position to insist upon sterling payments, throwing the consideration of exchange matters on to the foreigner. In recent years we have seen currency fluctuate widely and suddenly, marks rise thousands per day, francs moved from 70 to 120 per pound and back again in a few weeks and then to 260 and back again, and so on. An importer, to take an example, who contracts to buy goods from France when the rate is 70, knows that he can sell them for £1,000 in London and therefore agrees to pay 70,000 francs (neglecting profit). During the time taken to manufacture and ship the consignment, the rate rises to 120, and he is able to buy 70,000 francs from a banker for, roughly, £580, thus making an unexpectedly large profit. But it is just as easy to imagine the figures reversed, causing a heavy loss. If an exporter contracts to sell goods costing £1,000 for 70,000 francs because at the moment of fixing his price the current rate is 70, he would make a dead loss supposing that by the time he comes to sell his bill to a banker the rate had risen to 120. Trade under such conditions becomes a gamble and would inevitably decrease in volume but for the practice undertaken by foreign exchange bankers to buy and sell currency for forward delivery. Little was known of the system before the war, but naturally the cover effected increased enormously with the necessity of guarding against such wide fluctuations.

In short, the principle is as follows: an exporter fixes his price in foreign currency based upon the cost price in sterling and the rate of exchange then ruling. He calculates that it will be a month before he will receive payment so, immediately before the rate has time to move, he contracts with a banker to sell him so many foreign units for delivery one month ahead.

The banker fixes a rate now directly based upon the current "spot" price at which he will take delivery in a month's time, and no matter how the rate moves in the meantime the banker pays sterling at the agreed forward rate.

An importer having contracted to buy goods for so many francs, fixes the sterling cost of them now by buying the currency for forward delivery. No matter how the rate moves during the time taken

to carry out the consignment, he will receive and pay for his franc remittance at the rate previously agreed upon by the banker.

No money changes hands at the moment the forward contract is concluded, but only on the due date.

It is not to be expected that the banker takes upon his shoulders the risks of possible fluctuations that his customers are avoiding. He aims to "cover" immediately, buying forward from one and selling to another, and it seems too improbable that one customer will offer to sell forward precisely the same amount and for the same delivery date at the same moment that another wants to buy, it must be remembered that the modern foreign exchange banker is connected by a switchboard to brokers each in turn connected to all other bankers in the market, and that he has agents and correspondents in every important financial city in the world, all potential buyers and sellers of forward currency, and therefore able to provide him with the cover he needs.

The forward rate is not necessarily the same as spot, the "margin" between spot or immediate delivery and forward or future delivery varies with the supply and demand, being sometimes above, sometimes below, the spot quotation.

It is determined in different ways, depending upon the currency in question. Between London and New York, for example, both using stabilised gold standards, the margin is governed by the value of money in the respective centres. There are always many bankers with surplus funds seeking investment in the most profitable quarters—given equal security. If, then, the general value of money is 4 per cent in London and 3 per cent in New York, there is the incentive to use dollar balances in the purchase of sterling which can be utilised here at an average gain of 1 per cent. To buy sterling outright incurs a risk of future fluctuations, but that risk can be eliminated by reselling it forward, say, for three months.

Treasury bills are a favourable form of investment for the spot purchase. Their repayment at maturity supplies the funds necessary to fulfil the forward sale. Suppose the gain in interest to be 1 per cent. On a rate of \$4.86 this is equivalent to over 1 cent, which means that an American banker could afford to lose up to 1 cent on the transfer and still make profit, that is, he could pay \$4.86 for a pound deliverable at once and resell it payable in three months at \$4.85. Spot sterling is in demand or at a premium, forward sterling at a discount. On this side the position is reversed. We should say that forward dollars are at a premium. With the equalisation of interest values the gain on that account alone disappears, and, therefore, no margin will be surrendered by the American banker in a transfer.

Forward operations will be effected at the same rates as spot, and, of course, if the rate of interest in New York rises above that ruling in London, we should expect English bankers to buy spot dollars, use them there at a greater profit, covering themselves against fluctuations by reselling forward and, therefore, willing to give away a margin on the transfer up to the percentage gain in interest. Spot dollars are in demand and forward offered, sending the latter to a discount.

It will be found, however, that in currencies not stabilised by a free gold market, the rate of interest that can be obtained on money does not rule or influence the forward margin which, in fact, varies

every day whilst Bank Rates remain unaltered, and varies in different countries with the same Bank Rate, and so on.

In weak, unbalanced currencies, the speculator rules the forward market. When he thinks the rate will rise or weaken he sells forward—currency which he does not possess and never will receive from a trade transaction, but expects to be able to buy back at a cheaper rate before his contract matures and so pocket the difference. Political crises, alarmist rumours, and fresh paper issues, cause the "bears" to flood the market with selling orders in anticipation of a rise which their operations in fact tend to bring about. They are content to give a few centimes above the spot rate in their belief that the rate will rise and give them a profit of, perhaps, several francs, and the faster the spot rate is rising the greater the difference becomes. Any party who does buy from a speculator, knowing that the rate is fast rising against him because of the excess of sellers, expects a wider margin of profit to give him time to get out of his purchase by selling elsewhere.

Or if a seller decides that now is the time to buy in cover, he tries to push up the rate in his favour, because he knows that he is accommodating the market by making a purchase at a time when they are all sellers. If because of some successful political move, or reduced paper issue, or stabilisation loan, the rate of a debased currency is likely to go better, the bears or sellers of forward all rush to become buyers to cover their position. They want forward currency for delivery on the dates of their old forward sales. Forward is in demand and becomes dearer or the margin narrows.

We conclude, therefore, that there is a supply and demand for forward, distinct and separate from the supply and demand for spot, making the former alternatively cheaper and dearer. The forward rates move, broadly, with the spot rates, but at varying distances, like two men walling down the street linked together by an elastic band. They go together, but separate pushes and pulls expand and contract their elastic tie.

The ordinary trading customer is subject to the market conditions. If he wishes to sell forward francs, and the banker can cover in the market only by selling out at half a franc above the spot rate, then the customer must be charged half a franc, and so on, whatever the margin then ruling in the foreign exchange market the banker must apply to his customer. Considering the great risk that a forward contract eliminates, it is seldom that a margin paid above the spot rate is any more than a nominal insurance premium.

Extending a Contract. In these days of difficult trading it is not at all infrequent for a customer not to have received payments for the goods sold by the time anticipated, and he is, therefore, unable to make delivery of his forward sale in the period agreed upon. The banker is, no doubt, willing to extend the contract for a further period under the following conditions: The banker must cover himself every time. When he bought forward from the customer he sold for delivery on the same date to somebody else, say, another banker. He must fulfil his sale contract, but his customer is not giving him the currency required to do so. He must, therefore, buy for immediate delivery in the market, and satisfy his market sale, but not buy outright because he still has one extended purchase from the trader, but sell again to the market for delivery on

the new forward date. Whatever the market conditions are for that new transfer he will have to charge his customer for the extension. If he has to buy spot in the market and sell forward for the new date at a loss of a franc, he must recoup that amount from the customer for whom the operation is effected. It is usual merely to add the current margin on to the old rate and so eventually pay the customer so much less than he would have received had the contract not been extended (this is a forward sale to the banker where forward is at a discount). But when the current rate has moved, by the time the contract matures, far from the agreed forward rate the correct thing is to clear up the old contract at the current spot rate and enter into a fresh one at a forward rate based upon the present spot rate. The following figures will make it clear. A customer has sold 100,000 francs forward at a rate of 200—equivalent £500. The banker has sold in cover at about the same figure. The customer cannot deliver, and the banker, in order to be able to fulfil his covering sale, has to buy spot which, if the rate has fallen to 100, would cost him £1,000. He receives only £500 from his first sale, so merely to let the customer run the contract would mean that he would be short of £500 until the new date. He buys spot and sells again forward in the market at a loss, we will say, of 1 franc, but of francs worth 100 to the pound. He will not cover that loss by adding 1 franc to the existing contract rate of 200 to the pound.

It is necessary, therefore, to sell the customer francs at the rate ruling in the market at the time the extension is required, and if the rate has dropped call upon him to pay up the difference in sterling and then buy forward from him at the then ruling forward rate. In our illustration he would have to pay £500, but he will eventually receive payment at 101 instead of 201, so getting most of it back when he does deliver the francs.

Cancellation. It not infrequently happens that a trade transaction falls through entirely, so that a forward contract will never be fulfilled. But it must be settled with the banker with whom it is done, and whether its cancellation proves a loss or gain depends upon the subsequent movement of the rate. To a customer who has sold francs forward a rise enables him to buy them back cheaper and the banker pays him a profit. A fall means that in order to deliver them he has to pay more or he incurs a loss. A buyer of forward francs wants a drop so that he can sell them back for more sterling.

The Banker's Security. It is evident from the above figures that a banker entering into a forward contract with a client has a liability until delivery has been concluded. He must fulfil the covering contract, and the danger is that if his customer fails to do his part he may have to buy (or sell) his cover at a rate that has moved against him. The potential loss on a contract is the difference that can arise between the agreed forward rate and the current spot rate. Thus, while the liability on a contract in a stable gold currency is very little, in a fluctuating paper currency it can be considerable. Sound customers with large resources cause no misgivings, but the precaution a banker must take with a small and weak firm is to insist upon the deposit of cash or realisable securities to the extent of the estimated adverse fluctuation in the rate. The customer usually signs a form confirming his contract, deposits his security of so much per cent and agrees

that if the rate moves so as to make that margin inadequate he will furnish additional security.

FORWARDING.—The act of sending forward merchandise for others.

FORWARDING AGENT.—The person who undertakes the collection, forwarding, and delivery of goods.

FORWARDING GOODS BY RAIL.—(See RAILWAY CONSIGNMENT OF GOODS BY.)

FORWARD PRICE.—The "forward" price of goods is the quotation for delivery and payment at a future date. The "cash" or "spot" price is for immediate delivery.

FOUL BILL.—A certificate granted by a consul or other competent authority to the master of a ship at the time of clearing a port, stating that the port is infected with disease. If a ship brings a foul bill, the authorities may order a period of quarantine, the length of time depending upon the circumstances of the case. (See **BILL OF HEALTH, QUARANTINE**.)

FOUNDERS' SHARES.—In addition to preference and ordinary shares (*q.v.*), it was not at all uncommon at one time to find another class of shares, viz., founders' or deferred shares. Latterly, such shares have become less usual, but they are still met with if companies are incorporated for great undertakings, especially finance, when it is hoped that the results will be of a gigantic nature. Founders' shares are usually subscribed for and taken by the vendors to, and the promoters of, the company. In the ordinary course of things no dividend is payable upon such shares until after the ordinary shareholders have received a minimum dividend. But any arrangement can be made in the articles as to the rate and distribution of profits. This often resolves itself into the taking of the surplus profits, after providing a certain dividend upon the ordinary shares, which, of course, will not have received anything until the claims of the preference shares have been satisfied. It is obvious that if the company is very successful, the profits of the holders of founders' shares may be very considerable. Some persons look upon companies having founders' shares with disfavour, when arrangements are made by which the holders are likely to be largely benefited. On the other hand, however, there is always this point to consider. By securing the exertions of the holders, who will not receive any profits unless the business is a success, the company is much more likely to flourish than if there was no such stimulus applicable. Instead of founders' shares, there may be a class of "management" shares created. The rights attached to such shares will be provided by the articles. It will be recollected that a statement as to the number of founders', or management, or deferred shares, and the nature and extent of the interest of the holders in the property and profits of the company must be set forth in the prospectus.

FOX.—A carnivorous animal of the dog family, valuable in commerce for its fur and its long, bushy tail, or "brush." The common fox is found in many parts of Europe, Asia, and America. It varies greatly in colour. The grey fox is very common in North America, where, too, the red, white, blue, and silver varieties are found. The fur of the so-called blue fox is slate in colour, and is much valued, though not so highly as that of the silver fox, which usually fetches very high prices, Russia being the chief purchaser. It is found in Alaska, British Columbia, and the Hudson Bay territory. Siberia does a large trade in red fox, and Great

Britain's imports consist mainly of the white variety.

FOY BOAT.—A boat employed in the North East coast ports of England, to assist in mooring and unmooring of ships.

FRACTIONAL CERTIFICATES. These certificates are issued by companies making a *pro rata* distribution of capital, on the reconstruction, reorganisation, or amalgamation of companies, the issue of bonus shares on a capitalisation of profits, or the subscription to a new issue of share capital, which is restricted to shareholders in proportion to their present holdings.

For example, a company may reorganise its share capital on the basis that four new shares are issued in exchange for each three old shares. Thus, a shareholder possessing ten old shares will be entitled to $\frac{10 \times 4}{3} = 13\frac{1}{3}$ new shares. He will receive a certificate for thirteen shares and a fractional certificate for one-third of a share. There are two principal methods of dealing with these fractions.

(1) The company sells a sufficient number of shares representing the total number of fractions and distributes the sale proceeds amongst the persons entitled thereto.

(2) The company issues fractional certificates to bearer entitling the holder (on surrender of the certificate, accompanied by other fractional certificates to make up one complete share), to the allotment of one share in the company. The fractional certificate must bear a 2d impressed stamp as a scrip certificate. It is usual to provide that fractional certificates must be completed and surrendered within a stated period, say, six months from the date of issue, and after that date they become valueless. The directors are also authorised to deal with any unclaimed fractional certificates in any manner they deem fit in the best interests of the company.

Alternatively, where the value of each individual fraction is small as in the case of a right to subscribe for additional shares upon payment (e.g., shares issued at par and market price is 22s, which involves a turn of 2s. per share, or only 8d. for one-third of a share), the scheme, or agreement, may provide that fractions shall be totally ignored.

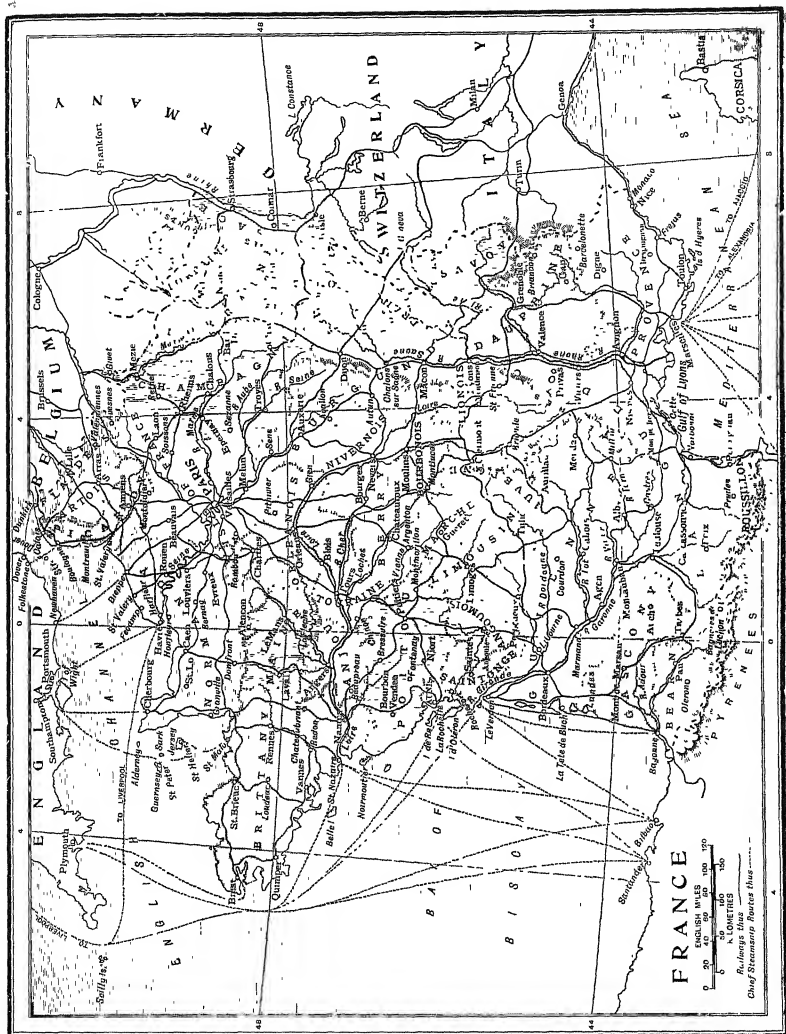
In form, the fractional certificate may be as follows—

The A.B. Company, Ltd.
Fractional Certificate.

No

Stamp
2d

This is to certify that the bearer of this Certificate, upon presentation and surrender thereof, and other like certificates (and payment of the sum of £) at the Registered Offices of the Company shall be entitled to the allotment of one fully paid up share in the capital of the Company. Such certificates must be accompanied by an application in writing, signed by the person(s) to whom the allotment is to be made, and in accordance with the prescribed form endorsed hereon. The application must be lodged with the company on or before the day of 19



This fractional part of a share cannot be registered, nor can it bear any dividend until exchanged with . . . other fractional certificates for an entire share

Form of Endorsement on Back of Certificate.

To the A B. COMPANY, LTD

As the bearer of . . . fractional certificates annexed hereto and numbered as in the margin, I enclose

us
£ . . . and request the allotment to me of . . . share(s) credited as

us
fully paid up, and I hereby authorise and request you to place my name on the Register of Members in respect thereof

NUMBERS

N B—If the fractional certificates comprise more than one entire share, and are to be allotted in the same name, it is only necessary to fill in particulars on the back of one fractional certificate; but the distinctive numbers of the fractional certificates surrendered must be given on that certificate which is completed

(See also BONUS SHARES, CAPITALISATION OF PROFITS, COMPANIES, AMALGAMATION OF, COMPANIES, RECONSTRUCTION AND REORGANISATION)

FRANCE.—Position, Area, and Population.

France, the most westerly State of Central Europe, is a massive, roughly hexagonal-shaped country, in the centre of the land-mass of the globe, and halfway between the Equator and the North Pole. From north to south it extends some 600 miles; from west to east, 560 miles, and from north-west to south-east, 680 miles. Except on the north-east, its boundaries are well-defined. To the north-west, it is bounded by the English Channel (La Manche) and the North Sea, to the west by the Atlantic, to the south by the lofty ranges of the Pyrenees, and the sunny shores of the Mediterranean; to the east by the towering ridges of the Alps and the Jura mountains, and the Rhine. On the north-east, no natural barrier, whether river or mountain, defines the frontier, and here through the centuries have poured invading hordes. Encircled but not imprisoned (there is a triple sea-outlook, and the eastern mountain girdle is pierced by gaps) France early attained to a strong national unity, a great world trade, a beneficent relationship—political, intellectual, and moral—with Britain, and a great colonising Power. By the Treaty of Versailles (28th June, 1919), France regained the territory lost in 1871 (Alsace and part of Lorraine) with a small amount of additional territory, the whole amounting to 5,819 square miles. The present area of European France is 212,659 square miles with a population of 39,210,000, to which must be added 850,000 living in the colonies and 578,000 living abroad. The colonies, protectorates, and possessions of France cover an area of 4,537,000 square miles, with a population of 92,000,000, and it is estimated that French is spoken by about 70,000,000 people. Emigration is small and the population remains practically stationary. This stationary condition, while causing anxiety to some, is regarded by certain economists and experts as an asset, as France limits itself to the population which it can support, and is practically self-supporting

as regards food products. Less concentration on industries, and more on agriculture, result in a more even distribution of the population than in Britain, over 50 per cent living in the country. The chief areas of concentrated population are the vine-growing river-valleys, the environs of Paris, the Franco-Belgian coal area, and the Mediterranean coast. Like the English population, the French is made up of Nordic, Alpine, and Mediterranean races, fused by migrations, past and present, into one fairly homogeneous type. The Nordic strain is evident in the Paris Basin and to the Gironde, the Mediterranean in the south-east, and south-west; and the Alpine in the upland and highland divisions of Vendée, Anjou, Maine, Brittany, and the Central Plateau. Earlier language difficulties (the northern *langue d'oïl*, and the southern *langue d'oc*) have largely disappeared, and the French language (the dialect of the Ile de France and of Touraine) is everywhere spoken, though some dialects, notably Provençal, are used in the south. Brittany still retains the Breton tongue, a Celtic language. On account of its directness and precision the French language is often used in international negotiations. France has long been the light-bearer of culture to others, a culture gained from the European Plan and from the Mediterranean Sea. From the former the French gained energy, persistence, endurance, and earnestness, from the latter vivacity and artistic skill. Some striking characteristics of the French are their clearness in thought, their frugality and economy, their courtesy, their ability to pursue a definite aim, their contributions to modern industries and science, and their love of freedom. Since 1871 in fact, and since 1875 by law, the form of government in France has been that of a constitutional republic. The head of the Republic is the President, elected for seven years by the National Assembly of the two houses of the Legislature, the Senate of 314 members (elected by indirect vote for nine years, except 75 elected for life, one-third being renewable every three years), and the Chamber of Deputies (610 members, elected for four years by manhood suffrage). All State affairs are directed from Paris, the common centre and the focus of routes. In Paris are the residence of the President, the Parliament, the Ministries, the Embassies, the Cour de Cassation or Supreme Court of Justice, the Conseil d'État, which organises the details of public administration and interprets the application of administrative law, the Cour des Comptes, which controls the State expenditure, and the Academies, representing literature, science and the arts. Love of bureaucracy is shown in the division of the country into 90 departments. At the head of each is a Préfet, who represents the government, and is assisted by a Conseil Général elected by the inhabitants of the department. Each department is divided into arrondissements, with a Sous-Préfet and a Conseil d'Arrondissement, also elected by the inhabitants. Each arrondissement is divided into cantons, and each canton into communes (total number, 36,000). The commune is ruled by a Conseil Municipal, elected by the inhabitants of the commune and presided over by a mayor. Since 1905, the State has been entirely separated from all religious bodies. The majority of the people are Roman Catholics. Education is highly developed, and the primary schools are secular, compulsory, and free from the age of six to thirteen.

As compensation for the devastation of its northern coalfield, France was given, in 1919, the

rights of exploitation of the coal mines in the Saar basin, an area of about 750 square miles, with a population of 658,000. In 1934, the Saar is to decide by plebiscite, whether it wishes to remain, as now, under the League of Nations, or to join France, or to join Germany. Should it decide to return to Germany, that country will have to buy back the coal mines, and allow France rights of purchase of coal.

Coast Line. More than half of the frontier of France is sea-coast (Atlantic, 1,304 miles, Mediterranean, 456 miles), and the triple front has encouraged seamanship. In the east the Channel coast is bounded by steep chalk cliffs, in the cracks of which are the ports of Boulogne and Dieppe, while farther east Calais and Dunkirk stand on dune-fringed alluvium. The wild grandeur of the rocks of Brittany, the softness of its climate, its verdure, and the colour of the sea, have earned for it the name of the Coast of Emerald. Here the sea provides good harbours, and Cherbourg and Brest, of great strategic importance, are fortified naval harbours. The Biscayan coast has flat sandy shores, broken by the Loire and Gironde estuaries. From the Point de Grave to the Spanish frontier stretches a long line of sand dunes, backed by the heath country or "Landes" of Gascony, rich in pines, to which the name of the Côte d'Argent, the Silver Shore, is assigned. Cape Couronne divides the south coast into two approximately equal but very distinct parts. The rocky eastern half, known under the names of the Côte d'Azur and the Riviera, is broken by beautiful bays, such as those of Hyères and Nice, and by deep gulfs which make admirable harbours notably those of Marseilles and Toulon, but the west is a line of dune-fringed lagoons, the result of centuries of struggle between the silt-laden floods of Pyrenean and Cevennes torrents and the westward gales and drift of Rhone mud.

Relief. The relief of the country exhibits, in a very high degree, the union of great structural simplicity with a marked variety of natural features. There is a highland core, the Central Massif, of old crust-block girdled almost continuously by lowland of varying width, drained by the Seine, Loire, Garonne, and Saône-Rhone, and this is flanked southward by the young folded mountains of the Alps and the Pyrenees, and northward by the old plateaus of Brittany and the Ardennes. The mean height of France averages some 1,000 ft., but more than one-half of the country remains much below 650 ft. Like the other old mountains of Europe, the Central Plateau, or Massif, is composed mainly of granite and gneiss. It is overlaid by stretches of recent volcanic deposits and ringed by a belt of secondary limestone, which at one time covered its whole surface to a great depth. Once part of an extensive peneplain, Alpine movements upheaved it into a squarish block, giving it a tilt down to the west and fracturing it to form the deep rift-valleys of the Loire and the Allier, which afford the only practicable routes across it to the Rhone valley. In the central part the Massif culminates in the denuded cones of Cantal and Dore (about 6,000 ft.), in the Auvergne of the north-west are well-preserved cones, known as Puy, which attain a height of 4,850 ft. in the Puy de Dôme, and in Velay, the Loire has its source in Mézenc (5,750 ft.). Apart from minor irregularities, the Archæan plateau becomes continuously higher from north-west, where it is 1,500 to 2,000 ft., to south-east. To the Rhone Valley and the Mediterranean it presents the

steep scarp of the Cevennes [where the highest summit is the gigantic Mont Lozère (5,584 ft.)] and the mounts of Lyonais and Beaujolais. While on the whole elliptical in its outline the Massif is prolonged into two spurs of much the same constitution the Morvan to the north and the Montagne Noire to the south. Flanking the plateau on the south and south-west are wide expanses of limestone, porous and easily soluble, known as the Causses, carved by the Lot and Tarn. The surface of each block is a weird wilderness fitted with sink-holes, some of which reach a depth of 700 ft., while below it is honeycombed with caves and tunnelled by a network of rivers. This karst region is a bleak, windy, and barren area, traversed by few highways, with few settlements, and with sheep-farming as its typical industry. The Massif dominates the river-system of France, isolating the Saône-Rhone basin and feeding the three other great basins, has important coalfields on its edges (Creusot, St Etienne, Alais, Carmaux, Aubin, Commeny), supports rich agriculture on its volcanic valley soils and the pastoral industry on the thinner soils of its highlands; and has proved a refuge for conquered natives (who still show social and religious individualism) and a barrier to communication.

An irregular line from Caen to the Ile de Ré cuts off Armorica (Brittany) and the Cotentin peninsula, a mass of old granite and schists, from the young Paris Basin. Vast ages of weathering and erosion have worn Armorica down to an undulating lowland, its highest ridges never attaining 1,500 ft. The granite and old sandstones form two low broken plateaux, running from west to east, one along the north and one along the south. Between the uplands is a lowland of schist. As in British Armorica, fishing, market-gardening, and dairy-farming are the principal occupations of the Bretons.

The Paris Basin, the largest (a quarter of the area of the country), and the most complex of the natural divisions of France, is a bowl-shaped depression, rimmed on the east and south by a series of escarpments, and bounded on the west by Armorica, and on the north by the English Channel. It includes the basin of the Seine and Somme, and a portion of the Middle Loire, and its symmetrical river-systems provide a series of natural routes converging on Paris and so on the Channel coast, thus giving facilities for export and import trade. The passages or *seuils* (thresholds) through the uplands which ring the basin are of peculiar importance. To the north the chief outlet is along the western edge of the Ardennes. The route follows the Oise valley northwards, and crosses the upland to the Sambre valley, which it follows past Namur and Liège, and on to the coastal plain. Toward the east the great trade and war route is up the Marne valley and through the escarpments by the gaps of Epemay, Vitry-le-François, Bar-le-Duc, and the border fortresses of Toul and Nancy. Beyond Nancy the Saverne Gap leads through the Rhine highlands into the rift at Strasbourg. Toward the Mediterranean the main route from Paris utilises the Seine and Yonne valleys, and gets across the Côte d'Or by the help of a small valley and, in the case of the railway, by a long tunnel, to Dijon. Toward Aquitaine the broad gateway of the Souil de Poitou, between Armorica and the Central Massif, connects Paris and Bordeaux by a direct line. The Scarplands consist of alternating belts of limestone (or chalk) and clay stretching in a crescent shape from Armorica to the Ardennes. West of the Morvan the

escarpments become broken hills, but the eastern part has four well-defined escarpments (1) The Côtes de Moselle, an oolite ridge, overlooking the Saône and Moselle valleys, and containing the Côte d'Or with terraced vineyards almost to its top, (2) Côtes de Meuse, a high and well-marked escarpment of Corallian limestone, (3) The Chalk Escarpment, dusty and waterless on its dip-slope ("Dry Champagne"), with a clay plain at its foot ("Wet Champagne"), (4) The Tertiary Escarpment forming the steep face of the Ile de France. At short intervals in all the escarpments the Seine and its tributaries have made gaps, thus providing easy routes. The Plateau of Langres (1,600 ft) bridges the space between the Morvan and the Vosges, and serves as a south-eastern divide. In the centre of the basin is the Ile de France, consisting of the broad low limestone plateau (about 500 ft) of Beauce, south-west of the Seine, covered with a clayey deposit, known as *limon*; the low plateau of Brée, between the Seine and Somme, covered with heavy clay soil; and a region of low ridges and valleys north of the Somme. Between the Ile de France and the sea stretches a wide, low plateau of chalk, more fertile and rainy than the Dry Champagne country.

The long narrow depression separating the Central Plateau from the Alps, described as a *couloir* (corridor), gives the easiest land route between the Mediterranean Lands and North-western Europe. It is drained by the Saône and Lower Rhone, fed by large tributaries from the Alps, such as the Isère, Durance, Doubs, and by short torrents from the Central Plateau. Only as a continuous highway can the Rhone-Saône valley be considered a geographical unit. Its natural sub-divisions are the Belfort District, known as the Burgundian Gate, the famous passage from Southern France to the Rhine in between the Vosges and the Jura, the Plateau of the Jura, a limestone upland forming a foreland to the parallel and arched ridges of the Jura mountains (peaks of 5,500 ft), the fertile plain of Burgundy, famed for its wine, the infertile marshy Dombes area between the Saône and Rhone; and the mulberry region of the Rhone valley. Below the gorge of Montélimar the *couloir* opens to the triangular Mediterranean lowlands of Provence and Languedoc. The Rhone has built a large delta, the *Camargue*, a region wet and unhealthy. To the east is the Crau, formed of masses of gravel brought down by the Durance, a region because of the dryness of its surface styled the "French Sahara". Between the high Alps and the Mediterranean Sea is a narrow strip of hilly coastland, the French Riviera. Sheltered by the mountains, with a coast diversified by small bays and promontories, and with a delightful climate, the region has become a noted health and pleasure resort.

Between the Central Plateau and the Pyrenees lies the triangular lowland of Aquitaine, including the basins of the Charente, Garonne, and Adour, the Landes, the Plateau of Lannemezan, and the foothills of the Pyrenees. The basin of the Charente is a limestone country of low plateaux and hills interspersed with sheltered and fertile valleys, and is one of the chief champagne-producing regions. In the Garonne basin the porous limestone is replaced by soft, clayey alluvium, and hence the country is richer as to soil and water-supply than the Charente basin, but many parts are marshy. The Landes region is a narrow strip of country bordering the coast from Bayonne to the Gironde

estuary. Its subsoil is unconsolidated sand, porous and unstable, and its soil a thin coating of very hard sand, held together by gummy vegetable substances. In consequence, the water does not sink through, but stands in shallow lagoons in the wet season, and malodorous marshes in the summer. Of late years the hard layer has been broken up, the lagoons drained, and the dunes fixed by the planting of extensive pine forests. The forests have given rise to saw-milling and the extraction of resin and tar, and the drained lands have become pastoral areas. At the foot of the Pyrenees lies the Plateau of Lannemezan, a region of poor glacial gravels, barren except along the streams. The Pyrenees present an abrupt wall, the crest of which maintains an elevation between 6,500 and 10,000 ft. They separate France from Spain so effectively that no railway crosses them, though roads and railways have been constructed up a number of valleys on the French side. Few and very poor roads cross the crest, and practically no trade surmounts the barrier. The foothills on the French side, unlike the semi-barren Spanish slopes, are fertile, well-watered, and cultivated. By the narrow Gate of Carcassonne, canal, road, and railway routes connect the Plain of Languedoc with the Garonne basin.

France includes a large part of the highly complicated south-western Alps. The boundary between France and Italy follows the watershed between the Rhone and the Po river systems, and, therefore, the crests of some of the mountains, the great mass of Mont Blanc, towering more than 15,000 ft above sea-level, is close to the most northerly part of this boundary. The Vosges mountains consist of several parallel ranges running north and south 4,000 to 5,000 ft high, with deep narrow valleys between them. Their slopes are covered with forests nearly to the top, and no easy routes cross them. Alsace includes both the wooded edge of the Vosges and the uplands just north of it looking down upon the Rhine Valley, and also the greater part of the fertile valley lying west of the Rhine. Lorraine, isolated between the Vosges and the limestone heights east of the Meuse, connects the Seinelands and the Rhinelands. It has a general elevation of 1,000 or 1,500 ft with valleys cut deeply below that level. The exploitation of its salt and iron ore has created spots of dense population. In the north-east, France possesses a relatively small portion of the Ardennes coalfield.

Corsica (area, 3,367 square miles, population, 288,000, mostly Italians), an island in the Mediterranean Sea, south of Genoa, is a fragment of an old land-mass, and is composed of hard crystalline rocks, forming high ridges divided by secluded valleys. On the east is a marshy alluvial coastal plain of great fertility. Its climate is delightful and productive, but only one-third of the island is cleared and cultivated, while quite half of it is covered with impenetrable and useless evergreen scrub and thickets. The chief economic products are wheat, olives, wine, almonds, chestnuts, and citrus fruits. *Ayaccio* (25,000), the capital, and *Bastia* are the two chief centres, the former having its trade and intercourse with France, the latter with Italy. Independent and conservative, the Corsicans are a determinedly uncommercial and self-sufficing race, opposed to the intrusion of modern methods and ideas.

Rivers and Canals. The waterways, natural and artificial, of France have a length of 8,437 miles, and water transport is equal to one-third of the railway

transport In the north the regularity of the water-flow and the level nature of the country have brought into existence a very close network of canals. All the larger rivers of France are larger than any of those of the British Isles, the Rhone, Seine, Loire, Garonne all being larger than the Shannon. On the east and north-east there is water communication with Switzerland, Germany, and Belgium, and there is considerable traffic, especially in heavy goods—coal, iron ore, pig iron—with the two latter. The length of canal is being extended. Canals having a minimum depth of 2 metres and a width of 5 metres are termed first-class waterways. In France boats drawing 5·9 ft. can be used everywhere in all months, while in England some canals allow a draught of only 3½ ft.

The Rhone (507 miles) entering the country from Switzerland, is joined by the Saône at Lyons, and then flows to the Gulf of Lyons, which it enters through a delta by a number of mouths. From Arles, near the head of the delta, to St. Louis on the coast, is a waterway suitable for small steamers, but, chiefly on account of the speed of the current, navigation between the delta and Lyons is difficult, although the downward journey is easily made. The Saône is a first-class waterway, and is connected by first-class canals with the Seine, Rhine, and Meuse. The Rhone and Rhine Canal, through the lowland between the Jura and the Vosges, connects it with the Rhine, and the Canal du Centre with the Loire. The Rhone carries less than a million tons of merchandise per annum, and until the much desired canal from Lyons to Marseilles is made, the excellent waterway of the Saône must remain largely unutilised.

The Seine (485 miles) and its chief tributaries, Yonne, Marne, and Oise, rise in the hills of Burgundy and Champagne and the Ardennes. The whole system converges on the Paris region, whence the main stream flows north-westward to the English Channel. The old ports of Honfleur and Harfleur have now fallen into disuse, the former being silted up and the latter displaced by Havre. The navigation of the estuary is somewhat difficult on account of the banks formed by the silt brought down, and small steamers can avoid it by the Tancarville canal from Havre, although this is much less used than formerly. The bed of the river has been dredged so as to allow steamers drawing 22 ft. of water to reach Rouen, thus enabling that city to receive the coal and raw cotton for its industries direct. Above Rouen, dredging has made it possible for ships drawing 10 ft. to reach Paris, which is in direct communication by water with Nantes and London. Generally speaking, the Seine has a very regular volume, but sometimes its floods cause serious damage, especially in and near Paris, which has not been built to resist them. First-class waterways connect it with the Rhone, Rhine, and Meuse, and also with Antwerp and other Belgian ports, while smaller canals lead to the Loire. The Marne and Rhine Canal, with 180 locks, crosses the Vosges at a height of 1,100 ft. The Burgundy Canal, with 191 locks, joins the Yonne with the Saône, rising, in crossing the Côte d'Or, to a height of over 1,200 ft. above the sea.

The Loire (635 miles), with its tributary the Allier, rises in the Central Plateau, and flowing generally northward as far as Orleans, turns westward to the Bay of Biscay. Its lower course is sluggish, and its volume of water is very irregular. In summer it gets nearly dry and enormous sandbanks appear

in its wide bed. But with the rains and the melting of the snows, it rises to 30 ft. above its mean level and floods its valleys. Although nominally navigable up to Orleans, the river carries so small an annual tonnage that it is negligible as a commercial waterway. Its mouth is so blocked up by the masses of shifting sand brought down by its many tributaries, that a ship canal had to be cut to allow vessels drawing 21 ft. to reach Nantes, and enable it to compete with the rising town of St. Nazaire at the head of the estuary.

The Dordogne and the Garonne (450 miles) draw their waters from the Central Plateau and the Pyrenees, and converge on Bordeaux, entering the Bay of Biscay by the Gironde estuary. At Bordeaux the Garonne is 500 yards wide, and its depth of 20 ft. allows large ocean-going vessels to reach the dock there. From Toulouse on the Garonne, the Canal du Midi passes through Carcassonne and Cette to the Rhone, thus connecting the Atlantic with the Mediterranean. The proposal has often been made to construct a ship canal along this route in order to save the long voyage round Spain, but at present the Canal du Midi is a second-class waterway.

Of the smaller rivers, the most important is the Somme, in the basin of which lie a number of small industrial towns connected by water with the Seine basin and Belgium. The Rhine runs for some part of its course through French territory, and two of the major tributaries of its left bank, the Meuse and the Moselle, come with the Schelde (Escarot) from France, which they water for a large part of their course.

Apart from the Lake of Geneva, of which a large part is considered as within the French frontier, lakes are few and small. In Savoy there are the Lac du Bourget (about 17 square miles) and the Lac d'Annecy (about 11 square miles), and south of Nantes is the Lac de Grand Lieu (14 square miles).

Climate. In seasonal distribution and in general arrangement the temperature and rainfall of France resemble those of Great Britain. As the true mountains of the land are all located on the eastern border, the warm and moist winds from the west, which prevail for the most part, are not stopped by any obstacles before they reach the highest summits. In winter the isotherms tend to run from north to south, the mild westerlies being the predominating influence, and no month has an average temperature as low as 32° F. In summer the strength of the sun's heat is the main factor, and as this diminishes from south to north, the isotherms run east and west. French summers are markedly warmer than those of Britain, and the whole region, except the northern coastal belt, produces vines, while in the Mediterranean area the olive and orange ripen. The mean annual rainfall for the whole of France amounts to 29½ in., varying from a minimum of 19½ in. on the Mediterranean coast from Perpignan to Narbonne, 19½ to 23½ in. in the region between Le Mans and Reims, the valleys of the Forez and Limagne, and the plains of Languedoc, Camargue, and Crau, 25 in. in the basins of the Garonne and Loire; 30 to 40 in. in the Rhone basin and the Lorraine slopes along the valley of the Meuse; 40 to 60 in. in the mountainous regions of the Pyrenees, the Alps, the Jura, the Cevennes and the Central Plateau, and the Landes; to a maximum of 71 in. in the western corner of the Pyrenees. Rain falls at all seasons, but with a marked increase during the cold period. The great differences of altitude (Mont Blanc,



15,800 ft) cause great variations of temperature, from the shores of the Mediterranean, where the January temperature is 47° F., to the perpetual snows of the Alps. France enjoys a far more temperate climate than other countries situated in the same latitude. Thus Paris and Montreal in the same latitude have striking differences of temperature. July—Montreal, 66-2° F., Paris, 60-8° F.; January—Montreal, 19-4° F., Paris, 37-4° F. Five climatic types may be distinguished. (1) The lofty Central Massif has bitter winters (90 to 100 days of frost), great seasonal range of temperature, a mean annual temperature of 52° F., short cold springs, extremely hot summers, long and sunny autumns, and a maximum annual rainfall of over 60 in., falling mostly in summer in heavy showers; (2) Brittany has the same average temperature and rainfall as the Massif, but its climate is of a pronounced maritime type. Its summers are cool and cloudy, its winters mild and wet; (3) Aquitaine has the same mild winters as Brittany, but hotter summers, a higher average temperature (54° F.), and a lower rainfall (25 to 40 in.); (4) the Paris Basin has a rainfall varying from 20 to 40 in., evenly distributed throughout the year, colder winters and hotter summers than in the London Basin, and its coastal belt is typically oceanic in its climate; and (5) the Mediterranean area has hot dry summers, and exceptionally mild winters. It has two or three weeks of frosty weather annually, and suffers from the fierce north *mistral* drawn down the Rhone-Saône corridor. The Riviera, fortunately, is sheltered from it by the northern mountain wall. In the Saône-Rhone valley the climate is continental rather than maritime. Though much colder in the north than in the south, the winters are everywhere frosty, the summers intensely hot.

Vegetation. France is largely a land of oak and beech forests, of green pastures and meadows, and carefully cultivated fields. Like Britain, it was once densely forested, but deforestation has gone so far that many of the poorer uplands have been hopelessly ruined. There is scarcely any natural vegetation except the forests. Europe's western-most coniferous forests are found on the line of the Vosges, Jura, Alps, Central Massif, and Pyrenees, and woods of maritime pine have been artificially created in the Landes. Deciduous forests exist in the Ardennes and Champagne regions, and in the Ile de France, Burgundy, Morvan, Le Perche, and Picardy. In the Albi district, at the eastern extremity of the Pyrenees, there are considerable plantations of cork-trees. The Government controls most of the forests, and is responsible for the systematic retimbering of the Alps in the upper valley of the Durance, and in the higher reaches of the Tarn. From the wind-swept northern downs to the almost tropical vegetation of the Riviera, from the Medoc vineyards to the Alpine woods and pastures below the limit of perpetual snow; from the bush grasses of Normandy to the desolate plateaux of the Causses every type of vegetation or cultivation is represented. There is little unproductive land in France. The marshes have largely been filled in, and the poorer tracts of chalky or stony ground, unsuitable for cereals, are favourable to the growth of cork-trees, the olive, and the clinging vine.

Fauna. The fauna of France does not differ essentially from that of western and central Europe, but the lack of extensive forests and mountain

masses restricts the range of wild animals, which are now for the most part artificially protected for sport. The wolf is still found in the Jura, the Ardennes and the Pyrenees, the chamois in the Pyrenees and Alps, the brown bear in the Pyrenees; the European mouflon in Corsica; and the alpine marmot in the higher parts of the Alps and Pyrenees.

Production and Industries. *Agriculture.* For many centuries the great political power of France was based on the agriculture of its fertile lowlands, and this industry still engages over 40 per cent of the working population. The cultivated surface totals 82 per cent, the non-cultivated, 12 per cent, and the non-cultivable (the high mountains, parts of the Central Massif, and the moorlands), 6 per cent. The cultivated portion is divided into tillage lands, 62 per cent; woods and forests, 19 per cent; natural meadows and grasslands, 12 per cent; vineyards, 4 per cent; and the remaining 3 per cent is put to divers uses connected with agriculture. Extreme division of property arising from the fact that since the Revolution property is accessible to all, that the law of primogeniture has been abolished, and that children inherit from their parents in equal proportions, results in peasant proprietorship of very small holdings best described as market gardens. Nearly three-fourths of the properties are farmed by the owners themselves; leaseholds amount to 22 per cent, and *métayage* tenure to 7 per cent. Of the total land under cultivation 57 per cent is devoted to the growing of cereals (wheat, 15,000,000 acres, oats, 9,000,000 acres, rye, 2,500,000 acres, barley, 1,750,000 acres, buck-wheat, 1,200,000 acres; and maize, about 1,000,000 acres), 30 per cent by forage, and 2 per cent by industrial crops. The production of wheat, grown in all parts of France, but especially in the Paris Basin and the middle basin of the Loire, is greater than that of any other country, with the exception of the immense plains of America and Russia (annual production 300 to 350 million bushels; average yield per acre, 19 bushels), so that France, in most years, is self-supporting in this cereal. Oats are grown in the same districts as wheat. Barley, associated with hops, supplies many breweries in the north and east. Rye flourishes throughout the country, buck-wheat in Limousin, and maize in the Pyrenees district, the Saône valley, and in the Garonne basin, where the heat and moisture are especially favourable to its growth. Sugar-beet is cultivated on a large scale in the plains of Flanders, Picardy, Brie, Beauce, and Limagne, and is used for the production of alcohol in distilleries attached to the farms, or for the manufacture of sugar in sugar-mills. Potatoes are widely grown in the north. Flax is important in Brittany, Anjou, Nord, and the Pays de Caux; hemp in Anjou, colza in the Pays de Caux and Nord; chicory in Nord and French Flanders; saffron in Gatinais and the south-west; vegetables and fruits in the Pays d'Avignon and Limagne; tobacco (a Government monopoly) in the upper Garonne valley and the Rhine lowlands of Alsace and Lorraine; truffles in Périgord, honey in Gatinais; and olives, mulberries, chestnuts, cork-oaks, and fruits in the lower Rhone valley and the Mediterranean regions. The market gardens of Provence, Agonaus, and Anjou supply fruits and vegetables to the markets of Paris, and the early produce of Brittany (the Golden Belt) is largely exported to Britain.

France is the greatest wine-producing country in the world, from it is obtained about one-third

of the total supply, and in quality as well as quantity its production is pre-eminent (area, 4,000,000 acres, normal production about 1,350,000,000 gallons). In the past, the phylloxera seriously affected production, but the introduction of American plants has largely brought normal conditions. The northern limit of the vine is defined by a line drawn from St. Nazaire at the mouth of the Loire to Sedan in the Ardennes. In the east the best known wine-producing regions are Champagne, in the north, the Côte d'Or, in the centre, and Bourgogne (Burgundy) and Mâconnais, in the south. The vineyards of Charente, the Bordelais, and Armagnac are the most important in the west. Vines are grown in the Rhone valley and in Provence, but the most fruitful vineyards of France are those of Languedoc and Roussillon, west of the Rhone, especially of the department of Hérault. The wines of Burgundy come chiefly from the Yonne valley (Chablis), the Côte d'Or (Beaune), and from the districts of Mâconnais, and Beaujolais, Bordeaux clarets from the valley slopes of the Garonne and Gironde, the famous eau-de-vie from Armagnac, and the finest cognacs and "fines-champagnes" from the Charente districts. Algerian wines are largely sent to France to be blended with French wines. Some of the finest liqueurs are prepared by the Benedictine monks in Picardy, and those of Chartreuse in Savoy. Wine is the Frenchman's favourite beverage, but beer is the normal beverage in the north, and cider (485,000,000 gallons) in Normandy, where orchards alternate with pasture-lands.

The amount of fodder grown and the percentage of meadow and grassland indicate the importance of the pastoral industry, and the independence of foreign supplies of meat. There are 13,500,000 cattle, 10,000,000 sheep, 2,600,000 horses, 5,000,000 pigs, 1,300,000 goats, 300,000 asses, 180,000 mules, and some millions of poultry. Horse and cattle breeding is an important branch of farming on the coast of Flanders, the pastures of the Pays d'Auge, the meadows of Perche, Bocage de Vendée, and the *pres d'embouche* of Nivernais and Charolais, and in Limousin, the Pyrenees, the Garonne district and Auvergne. Sheep are bred chiefly on the dry pastures of Champagne Poulleuse, the Ardennes, the hills of the northern plain, the Causses (those of Crau are fed in summer on the mountain pastures of the Alps and of the Cévennes), Brie, Burgundy, the Dauphiné, and the Alps. Goats, found mainly in the Pyrenees districts, largely replace the cow in the south, and asses and mules, reared in Pouton and the Pyrenees, displace the horse in the "Midi." Pigs are reared everywhere in France, but especially in the dairy-farming district of Vendée, and poultry, found everywhere, is a speciality in Bresse, Maine, and La Beauce. Dairy-farming and cheese-making flourish in Boulonnais, Bray (Neufchâtel), Lower Normandy (Camembert), Brittany (Prévalaye), the Central Massif (Roquefort), Vendée, Pouton, the Charentes, the Alps, Savoy, and Jura.

Fishing. The French fisheries directly employ 100,000 men afloat, and 60,000 persons on shore, and yield a total annual value of approximately £5,000,000. Boats from Fécamp, Dieppe, Boulogne, Dunkirk, St. Malo, Gravelines, Bisc, and Granville ply their trade not only in the narrow seas, but as far afield as Iceland and Newfoundland. These northern ports are the chief markets for cod and herring. The ports of the north-western peninsulas are engaged in sardine, tunny, and mackerel fisheries. On the west coast, south of Brittany,

from Camant to Sables d'Olonne the sardine is supreme, and Marennes is a great oyster market. Lorient and Croisic engage in deep-sea fishing, and the old landward harbour of La Rochelle, displaced by La Pallice, now specialises in fishing. On the south coast the fishing grounds lie west of the Rhone, where the shallow seas are of the greatest extent. Tunny, sardines, and anchovies are caught, and Cotte, the centre of the salt industry, is the chief fishing port.

Mining. France is poorly dowered with precious metals, but is exceptionally rich in building stones. Granites are found in Brittany, Normandy, and the Central Plateau; trachytes and lavas in Auvergne, porphyries in Esterel, limestones in Lorraine, Burgundy, Berry, Pouton, and Lyonnais, fireclays in the Scarplands, tuffaceous chalk in Touraine, travertines, plaster-stones, siliceous mill-stones, and gritty paving-stones in the Paris Basin, and calcareous molasse in Provence. By the recovery of Alsace and Lorraine, France has brought within her territory new and large resources in raw material, in ores, coal, potash, and oil, as well as great and highly developed metallurgical, engineering, and textile industries. Already before the Great War France was one of the most important producers of iron ore in Europe, but the acquisition of the Lorraine mines has made her the largest potential producer of iron after the United States. The acquisition of the Pechelbronn oilfield (present annual output, 70,000 tons) affords France some relief from foreign imports, and the potash of Alsace (about 350,000 tons per annum) provides heavy freight for shipping, and raw material for the chemical industries. Coal, unfortunately, is not abundant. The output is about 45,000,000 tons, 4 per cent of the world's annual coal yield, and some 60 per cent has to be imported. The numerous scattered coalfields include the group of the Nord and the Pas-de-Calais, and the small fields of the Central Plateau—Loire (St. Etienne), Burgundy, and Nivernais (Le Creusot), Gard (Alais), Blanz, Tarn, and Aveyron (Aubin, Carmaux), and Bourbonnais (Commentry). Saar coal (annual production, 10,000,000 tons) and Ruhr coke are needed for the blast furnaces and foundries. In the devastated areas France has made great progress. Not only have the general plant, coal-getting equipment, and power stations of the mines been greatly improved, but the former under production of coke has been so far made up that production now reaches 5,000,000 tons annually, or nearly 2,000,000 tons more than in 1913. The Lorraine iron mines are capable of yielding 50,000,000 tons of brown haematite per year, and with the yields from Meurthe-et-Moselle (Longwy, Nancy, and Biney), Cherbourg, Châteaubriant, Segré, and the Pyrenees (Ariège and Boucau). France, with a sufficiency of fuel, might become one of the greatest manufacturing countries of the world. Some lead is found in Brittany, in the Central Massif, and in the Alps. Copper is mined in the Lyonnais, and where the Meuse enters the Ardennes. Other important minerals are zinc, antimony (Auvergne), arsenic, manganese, salt, slate, phosphates, gypsum, and bauxite (Baux and Brignoles).

Manufactures. The whole basis of French industries is individuality. Both in textile and metallic work, individual taste and thought as regards form, arrangement, and colour are shown, and this individuality secures for them a constant market. Mass production is increasing, much progress has been made in material equipment for productive

purposes, and consolidations, both vertical and horizontal, are a striking feature in recent reconstruction. The use of water-power has been greatly extended, especially in the Alpine districts. Of the available 12,000,000 horse-power, one-twelfth is actually in use, and a further 500,000 horse-power is under construction. The textile industries, based on a favourable climate, local and imported coal, hereditary skill, and excellence of raw materials, have attained a high degree of development. Silk is one of the principal sources of wealth, and forms a very important export. The silk trade is carried on in the Lyons district, not far from the "manganeries" of the Rhone valley where every farm and every house rears silkworms. Lyons, the historic commercial centre of the industry, has the principal conditioning bureau, but the actual spinning and weaving operations are scattered through the lower Rhone valley. No other European country can compete with France in silk designs, patterns, and dyed goods in the piece. The artificial silk industry is proceeding at a rapid pace. Several new factories are being built in the Lyons area and in the north. Within a few years France promises to be independent of artificial silk imports. Woollens are manufactured chiefly in the north, round about Lille, in the Ardennes (Sedan), in Champagne (Reims), and in Poitou, Berry, and Languedoc. Specialisation is in fine and dainty cloths, such as cashmeres, merinos, and delaines. The cotton industry is carried on in the north-east coal-field (Tourcoing, Lille, Roubaix, St Quentin, and Amiens), the Vosges (Fpinal, St Die, Remuremont, and Senones), Alsace (Mulhouse and Colmar), and at St Etienne, the Rouen district, Nantes, Troyes, and Roanne. The number of cotton spindles is approximately 8,000,000, and of cotton looms, 150,000. The neighbourhood of Paris is very rich in manufactures of all kinds—costly dresses, furniture, perfumes, "articles de Paris," jewellery, chemicals, and motor engines. Hemp and flax are woven in the department of Nord, and in Anjou, Maine, and the Dauphiné. Lille and Cambrai make linen, muslin, cambric, and lawn, and there is a large industry in the best lace, which forms a valuable export. At Marseilles the importation of oil has led to the establishment of oil-refineries, soap works, and chemical works, and sugar-refining and other food manufacturing are carried on at this port. Recently France has made noteworthy progress in the dyestuffs and chemical industries. Freedom from German dyes has largely been secured, and independence of certain important fertilisers and other chemicals is anticipated. Minor industries are represented by paper-works and glove factories at Grenoble and Voiron, the gun-factory at Ruelle, the paper-works at Angoulême; the paper-works and flour-mills at Essonnes and Corbeil, the porcelain of Sèvres and Limoges; the carpets of Gobels, Beauvais, and Aubusson, the mirrors of St Goban, the crystal of Baccarat, the sugar-refineries of Nantes and Bordeaux; the ribbons of St Etienne, and the clocks and watches of Besançon.

The metallurgical and engineering industries are rapidly growing in importance, though still dependent on Ruhr coke. The chief iron works are in Lorraine, on the north-east coalfield, in the Pyrenees (Arège and Boucau), and at Le Creusot, St Etienne, and Caen. In the automobile industry, centred at Lyons, Paris, and St Etienne, a foremost place has been gained. Agricultural machinery, electric furnaces, steel, machine tools, and special steels, all

show recent increase, and shipbuilding orders have been obtained in competition with Great Britain.

Given security on the eastern frontier, France, notwithstanding her grievous losses, will, in the future, enjoy a very strong economic position, and an independence comparable with that of the United States.

Communications and Trade. France is reputed to have the best system of roadways in the world. They total 37,000 miles, and are divided into the *routes nationales* maintained by the State, the *routes départementales* maintained by the departments, and the *chemins vicinaux* maintained by the communes. From Le Bourget, near Paris, many great air routes radiate, and the Air Union, an amalgamation of various air lines, is aided by a well-devised State scheme of premiums and subsidies. The air service from Toulouse to Morocco has made uninterrupted progress. There is also an extension from Casablanca to Oran, and services from Algiers to Biskra and from Dakar to Keyes in Senegal. Telegraph (450,000 miles of wire) and telephone (780,000 miles of wire) services are very complete. The land communications of France show in a remarkable manner that Paris is the heart of the country. The routes which converge upon the city come from the Channel ports, from the Great European plain (Moscow to Paris line), via the Meuse-Sambre-Oise valleys, from Coblenz via the Moselle valley, from Strasbourg (Orient-Express Line) via the Gap of Zabern, Nancy and the Marne valley, from Switzerland and southern Germany via the Burgundian Gate, from Switzerland and the Rhone valley via Dijon and the Yonne; from the south and the Central Massif via the Loire and Allier valleys, from Spain and Bordeaux via the Gate of Poitou and the western lowlands, and from Nantes and Brest in the west. Cross connections are provided by the gates of Toulouse and Burgundy. The system of railroads is very extensive (30,800 miles). Of the six big groups, one is owned by the State, and the other five, now owned by companies, are almost entirely *concedés*, and become the State property after the expiration of the concession. The great railways each serve a separate portion of the country with little overlapping of areas. The Northern Railway (Chemin de Fer du Nord), Paris terminus, Gare du Nord, 2,600 miles, connecting the Channel ports of Dunkirk, Calais, and Boulogne with Paris, and a large port of Europe, is, for the area served, the busiest of the French railways, especially the section between Amiens and Paris. This railway is the link connecting Great Britain, by the shortest sea-passage, through Paris with all parts of Europe. From Calais through trains run to Basle via Châlons-Chaumont, and to Brindisi via Paris and Modane. The Western Railway (Chemin de Fer du l'Ouest), Paris terminus, Gare St Lazare, 3,700 miles, State-owned, connects Paris with Dieppe and Havre via Rouen, with Cherbourg via Caen, and with St Malo via Rennes and Le Mans. From Rennes the line extends through Brittany to Brest. The heaviest traffic is carried on in the neighbourhood of Paris, and on the great artery of trade running from Paris to Rouen, and terminating at Havre and Dieppe, (the latter on the London-Newhaven route). The Eastern Railway (Chemin de Fer de l'Est), Paris terminus, Gare de l'Est; 3,100 miles) connects Paris with Nancy, and then extends to the German frontiers. Another branch through Troyes and Belfort is connected with the Swiss lines. The route

by Nancy forms part of the Oriental Express route to Constantinople (1,900 miles), and that through the Burgundian Gate leads to Switzerland and by the St Gotthard tunnel to Italy. The Paris, Lyons, and Mediterranean Railway (Chemin de Fer Paris-Lyon-Méditerranée or P-L-M, Paris terminus, Gare de Lyon; 6,000 miles) carries the most traffic, and is the central artery of trade, connecting Paris and Marseilles. It links the diverse regions of the Rhone valley and the Paris Basin, and with the Nord forms the chief connection between England and the Mediterranean. Following the old natural route formed by the valleys of the Yonne, the Saône and the Rhone, the line proceeds through Dijon, Arles, Lyons, and Tarascon to Marseilles. A branch from Nîmes crosses the Rhone, and passes by Nîmes, Narbonne, and the Col de Pertus to Barcelona and the towns of eastern Spain. The main line continues along the Riviera coast, joining the Italian railways leading to Genoa, Rome, and Naples. Express traffic to Italy is more direct. It leaves the Dijon-Marseilles line at Maçon, and passes by Chambery and Modane, through the Mount Cenis tunnel and Turin to Rome and Brindisi. Another route leads from Dijon to Pontarlier, crosses the Jura at the Col de Jougne; descends to Lausanne; and then crosses the Alps in the Simplon tunnel and proceeds to Milan and Trieste. The Paris-Orleans Railway (Chemin de Fer Paris-Orléans, Paris terminus, Gare d'Orléans; 4,600 miles) runs from Paris to Bordeaux via Orleans, Tours, Poitiers, Angoulême, and Courtes. It has branches from Orleans to St Nazaire and Toulouse, and overlaps in several places with the Southern Railway. The Southern Railway (Chemin de Fer du Midi; 2,600 miles) joins Bordeaux with the Mediterranean ports via Toulouse. From Bordeaux a line runs south through Bayonne and Hendaye at the western end of the Pyrenees, into Spain, while the line parallel to the Mediterranean coast passes round the eastern end and enters Spain at Cerbere. One set of metals on this eastern route gives through communication between Paris and Madrid. On the others there is a break of gauge on the frontier. The State Railway (Chemin de Fer de l'Etat, 2,750 miles) serves the region between Bordeaux and the Loire, Orléans, Tours, Poitiers, and Angoulême. The Neussargues-Béziers line traverses the Central Plateau by a series of great engineering works including the viaduct of Garabit. At Canfranc the central Pyrenees have been tunnelled, and the railway is being continued from Oloron through Jaca to Huesca. International lines are to be built from Ax-les-Thermes, in the Ariège, to Ripoli, in Catalonia, and from St Grons through Sort and the Noguerra Palarese valley to Lenda. Recently, electricity as the chief motive power has been introduced on the Paris-Orleans, P-L-M, and the Midi main lines, affecting about one-third of the railway mileage.

Water-traffic is exceedingly important, and great attention is paid to the canalisation of rivers and the construction of canals. Both river and canal waterways are kept wide and deep enough to allow steam or petrol tugs to pull a train of barges. All the main canals are at least 6½ ft deep, while the smallest locks are 126 ft long and 17 ft. wide, thus being capable of accommodating at one time a whole train of barges, each unit of which is big enough to carry nearly 300 tons. The heaviest water-traffic is between Paris and the northern industrial region by the Oise, from which canals run

to the Somme, Sambre, Schelde, Lys, and other northern rivers, as well as to Dunkirk. The Marne is connected by canal with the Aisne, and the Rhine-Marne Canal, which passes through the gap of Saverne to Strasbourg, and the Rhine-Doubs canal, which passes through the Burgundian Gate to Strasbourg, connect the basins of the Seine and the Rhone with that of the Rhine. The Seine and Rhone basins are connected by the Burgundian canal, which joins the Yonne to the Saône, and the Seine is canalised from the Yonne to its mouth. The Seine and Loire basins are connected by two canals, the more important leaving the Loire just below Orleans, where the rivers come nearest together. The Canal du Centre, which passes between the Côte d'Or and the Central Massif, provides communication between the upper Loire and the Saône. A canal joins the Loire at Nantes to Brest. Canals pass through the Mediterranean lagoons, and the Canal du Midi runs west by Cette and the Aude to the Garonne. The delta of the Rhone prevents navigation. Recently, however, a canal of maximum depth of 10 ft was opened between Marseilles and the Rhone at Arles, and the French propose to improve the navigation of the Rhone to permit vessels of a thousand tons to reach Switzerland, and the products of Alsace and the Saar to be carried to the Mediterranean.

Marseilles, Havre-Rouen, Dunkirk, Bordeaux, Nantes-St Nazaire, La Rochelle-Pallice, Cherbourg, Brest, St Malo, Calais, Boulogne, and Dieppe are the chief ports. Improvements have been made at the ports, and the mercantile marine tends to increase. Two famous shipping lines are the Messageries Maritimes and the Compagnie Générale Transatlantique. In normal times French imports and exports almost balance one another in value, but as regards weight the exports are only 28 per cent against 72 per cent imports. It is not easy to give an accurate comparison of the foreign trade of France of the last few years with that of the year 1913, but the following table offers some basis of comparison—

	IMPORTS		EXPORTS	
	(Values in Million Francs)		(Values in Million Francs)	
	1913	1923	1913	1923
Food	1,817	7,498	839	3,190
Raw materials	4,946	20,814	1,858	9,343
Manufactures	1,658	4,377	3,617	16,239
Postal Parcels	—	—	566	1,661
Totals	8,421	32,689	6,880	30,433

The principal exports are cotton tissues, silk tissues, wool, woollen tissues, wines, smallware, automobiles, silks, millinery, artificial flowers, raw and dressed skins, tools, and metal goods, machinery, pig-iron, butter, table-fruits, refined sugar, brandy, liqueurs, fish, cheese, linens, chemicals, furs, and potash, and the chief imports are wool, cotton, silk, coal and coke, oleaginous fruits and seeds, machinery, raw skins, cereals, timber, rubber, copper, petroleum oils, coffee, wines, furs, ores, cattle, flax, textiles, and sugar. France is strengthening her position as an exporter of raw materials and of manufactured products, and is endeavouring with success to free herself from her dependence on foreign production for many raw materials for her agricultural and manufacturing industries. The chief countries traded with are the United Kingdom

(which leads in both imports and exports), Belgium (with Luxembourg), the United States, Algeria, Switzerland, Germany, Italy, Argentina, Spain, Tunis, Morocco, and Indo-China. The United Kingdom sends coal, woollen goods, machinery, cotton goods, chemicals, and metal goods, and takes from France silk and woollen goods, motor-cars, wine, sugar, butter, leather, lace, brandy, eggs, and "articles de Paris."

Trade Centres. There are only fifteen towns with populations exceeding 100,000, and the *conurbations* typical of Industrial England are not found.

Paris (2,907,000), the capital, the geometrical and natural route centre (roads, railways, and canals), the centre of the art and learning, and of the trade and industry of France, the social and fashionable centre of Europe, and the crucible of thoughts that have helped to direct the civilisation of the world, stands in the lowest part of the Ile de France (85 ft above sea-level), where the Seine is joined by the Marne and has been fed and enlarged by all its great tributaries except the Oise, but before it enters the deeply-incised chalk valley which leads to the sea. Originally, a strong fortress of the Gauls on the Ile de la Cité in the Seine, favoured by abundance of timber, building materials, and good drinking water, easy of defence except on the north-east and east, and in the heart of a very fertile agricultural region, Paris has grown, under the wise policy of its rulers, into the largest and richest city in the world, after London and New York. It is noteworthy for its wide tree-lined streets called boulevards, its fine open spaces (Place de la Concorde), gardens and parks, and its magnificent buildings (the Louvre, Palais Royale, Opera House, Arc de Triomphe). Like all great capitals, its manufactures are very varied, including almost every small article of luxury and of everyday human use, and marked by artistic beauty. Everything in France flows into Paris and flows out from it. Twenty-four good-sized towns are close enough to Paris to be suburban. Among them are *St Ouen* (38,000), *St Denis* (65,000), *St Cloud* (Sèvres porcelain), *Neuilly*, *Boulogne*, *Sèvres*, *Vincennes*, *Versailles* (55,000, noted for its palace, gardens, and lakes), and *St Cyr* (military college).

Marseilles (587,000), the first port of France, and the seventh port of the world, is situated nearly 30 miles east of the Rhone mouth, in a depression sheltered by white limestone cliffs. Freed from Rhone silt by the Mediterranean east-to-west current, and at the southern entrance to the Rhone depression, Marseilles early became an important trade centre, and has become the most prosperous Mediterranean port. It trades with all parts of the world, but more particularly with Mediterranean, Far East, West African, Pacific, and South American ports, and is the headquarters of the Messageries Maritimes Cie. Its chief manufactures are ship-building, soap, sugar, candles, chemicals, and cereal food-stuffs.

Lyons (562,000), the old Roman capital of Gaul and once the centre of Western Catholicism, is built where the Saône enters the Rhone and where the Alpine routes converge on the great north and south way by the Saône-Rhone valley. It is the centre of the greatest silk-producing district in the world, its advantages being the coal of St. Etienne, the electricity derived from the Alpine waterfalls, the raw silk produced in the neighbourhood, and the hereditary skill displayed in the production of pure silk tissues and gauzes. Its importance as a route-

centre is shown by its old bridge, fortress, and modern railways. Much raw silk has now to be imported from Italy, China, and Japan via Marseilles.

Bordeaux (268,000), founded by the Romans, lies at the head of the Gironde estuary, on the Garonne, a little above the confluence of the Dordogne. It is the centre of the richest wine district (claret, brandy), an important port, a route-centre, a market, and a manufacturing town. Among its manufactures are the elaboration of tropical products (notably rubber), food-stuffs (flour, chocolate, dried fruit, sugar), corks, bottles, and casks. *Pauillac* is its outport.

Lille (201,000), stands near the Belgian frontier between the valley of the Sambre and the sea, and is the principal fortified position in the north. It is an important engineering and textile centre (linen wool, and cotton), and has sugar refineries, distilleries, and breweries.

Nantes (184,000), on the Loire, 30 miles from its mouth, has suffered as a port through the silting of the Loire estuary, but a ship-canal now makes it accessible to 21-ft vessels. It has a large trade with the West Indies and Central America; and its manufactures of sugar, food-stuffs, textiles, and metal goods bring much wealth. *St Nazaire* has been prevented from becoming a large port by the construction of the Nantes-Loire ship-canal.

Toulouse (176,000), half-way between Bordeaux and Cette, on the most easterly curve of the Garonne, is the centre of rich grain-growing plains, the guardian of the Gate of Carcassonne or Passage of Naurouse, and the landward focus of Aquitaine. Its manufactures include woollens, silks, leather, tobacco, brandy, and metal goods.

St Etienne (168,000), on a small tributary of the Rhone and on the nearest coalfield to the silk-producing region, is second only to Lyons in the trade in ribbons, trimmings, and other silk manufactures. It has also important manufactures of iron and steel, and small-arms (supplying nearly all the small-arms for the French army).

Strasbourg (167,000), ("The Castle by the Road") situated near the mouth of the Ill, only 2 or 3 miles west of the Rhine, and almost in a straight line between the valley of the Zorn by which the route from Paris crosses the Vosges, and the valley of the Kinzig which leads across the Black Forest to the source of the Danube, occupies an important strategic position with regard to the Burgundy Gate and the Pass of Zabern (Saverne). It is a strong fortress, natural route-centre (road, river, railway, and canal), and industrial and commercial centre (leather, beer, chemicals, agricultural products), and possesses a fine cathedral and university. Until recently it was dependent for its water communication on a canal joining it with the Rhine and the Lorraine iron and coalfields. Now a port has been opened for Strasbourg on the Rhine, and river navigation improved up to this point. Trade has, therefore, considerably increased.

Nice (156,000), is a favourite Riviera winter resort, and an olive and fruit market.

Le Havre (164,000), at the mouth of the Seine; the second port and the principal Atlantic port of France, and the headquarters of the Compagnie Générale Transatlantique, trades largely with the United Kingdom and the Americas. Its manufactures include sugar-refining, cotton, tobacco, flour, machinery, and ship-building.

Rouen (124,000), situated on the Seine, about 70 miles inland, has, since the canalisation of the bed

of the Seine, become a considerable port (accommodating vessels drawing 22 ft.), and robbed Havre of some of its trade. It is an ancient city, bridge-town, route centre, and principal cotton centre of France. Among its other manufactures are silk, wool, flax, chemicals, metal goods, machinery, and shipbuilding.

Roubaix (114,000), is the principal market for wool in the Nord industrial centre. It manufactures textiles, especially wool, and specialises in broad-cloth and carpets.

Nancy (113,000), lies at the foot of the Vosges, on the Meurthe, and is the centre of one of the chief iron-producing regions. Near it are important rock-salt deposits. It is an important industrial and route centre (iron, textiles, chemicals, glass), and the centre of learning in Lorraine.

Toulon (107,000), on the Mediterranean seaboard, east of Marseilles, is the French naval base, favoured with a magnificent natural harbour, backed by strongly fortified heights.

Mulhouse (92,000), in the south of Alsace, at the opening of the Burgundian Gate, is an important cotton centre.

Amiens (91,000), on the Somme, within easy reach of both Dunkirk and Havre, manufactures woollen and cotton-velvet goods. It possesses a magnificent cathedral.

Limoges (92,000), on the Vienne, is a route and agricultural centre, noteworthy for its manufactures of porcelain, earthenware, and leather.

Belfort (91,000), in the south of Alsace, is a strong fortress, guarding the Burgundian Gate, the famous passage from Southern France to the Rhine in between the Vosges and the Jura. It manufactures cotton and metal goods.

Reims (91,000), in the "Dry Champagne" country, is celebrated for its woollen industry, its champagne, and its beautiful buildings. It is an ancient gap-town, fortress, and wine market.

Brest (90,000), the chief Atlantic naval station of France, lies on a magnificently protected ria, on the western coast of Brittany. It has shipbuilding yards and passenger-steamer traffic.

Tourcoing (82,000), connected with Lille and Roubaix, is an important textile centre.

Angers (84,000), at the confluence of the Mayenne and the Sarthe, is the centre of a fruit-growing region, and manufactures linen and wool fabrics. Slate is quarried in its neighbourhood.

Nîmes (80,000), in the Rhone Lowland, is an old Roman town and manufactures silks, carpets, boots, wine, and brandy.

Dijon (77,000), stands exactly at the mouth of a gap in the limestone escarpment of the Côte d'Or, facing the Burgundian Gate and the Pontarlier defile. It is an important route-centre and a great centre for the manufacture of food-stuffs and wine.

Montpellier (77,000), situated in the Rhone Lowland, on the high road and railway which lead up the Rhone valley, was a port in the Middle Ages, and has long been a centre of learning. It possesses a university famous for research in agricultural botany, and is a great centre of the wine industry.

Rennes (76,000), on the Vilaine, the old capital of Brittany, is a route centre, and important butter market.

Grenoble (73,000), on the Isère, is a glove-making and paper centre, aided by the electricity derived from the Alpine waterfalls.

Orleans (72,000), on the northernmost bend of the

Loire, played an important part in the Hundred Years' War, but is now only a small distributing centre.

Tours (72,000), on the Cher-Loire peninsula, is the key to the Poitou Gap, and the centre of a large wine-growing region.

Calais (67,000), with Dover commands the Straits of Dover, and was held by England for several centuries. It is strongly fortified, has some small industries (notably lace), and is an important passenger and mail port. Steamers ply several times daily between Dover and Calais, the sea-passage (22 miles) occupying about eighty minutes.

Clermont-Ferrand (65,000), on the upland overlooking the Allier, at the junction of the route of the Allier depression and another route which crosses the plateau to the Garonne basin, is the market town for Auvergne, and has important rubber and motor industries. Its mineral springs and those of *Vichy* and *Royat* are well known, and their waters are exported.

Le Mans (66,000), is the market for the cereals and poultry of the Campagne Marcelle of Normandy.

Metz (60,000), on the Moselle, north of Nancy, is a strong fortress, guarding the Moselle valley, the most natural line of communication between France and Germany.

Besançon (56,000), encircled by a curve of the Doubs, is the key of the Jura, and has a watch-making industry.

Boulogne-sur-Mer (51,000), on the English Channel, at the mouth of the Liane, has a larger volume of trade than Calais, and is the chief fishing port of France. Packet steamers ply between Folkestone and Boulogne, the sea-passage (about 29 miles) occupying about ninety minutes.

Troyes (54,000), on the Seine, is noted for its hosiery, and its annual fair.

St. Quentin (53,000), on the Seine, south of Cambrai, is an important textile centre.

Lorient (46,000), on the southern Brittany coast, is a military port, and naval station.

Avignon (48,000), on the left bank of the Rhone, the residence of the Popes for the greater part of the fourteenth century, is a market for the country produce, and has silk manufactures.

Caen (45,000), on the Orne, is an agricultural market and a small port. There is stone-quarrying in its neighbourhood.

Cherbourg (44,000), in the north of the Cotentin, 70 miles south of the Isle of Wight, almost opposite Portsmouth, is a strongly fortified naval station, and has steam connection with Southampton and Weymouth. Its harbour is protected by an extensive breakwater.

Bourges (44,000), lying almost in the geometrical centre of France, is a market town, and manufactures arms.

Dunkirk (39,000), the "Church in the Dunes," the most northerly port and town of France, and the only one on the North Sea, is a Flemish rather than a French town. It has a considerable harbour, with large floating basins and dry docks at the mouth of several canals. Its chief exports are the manufactures of north-east France, and its chief import is wool. Shipbuilding, machinery, soap, and shipping accessories are among its manufactures.

Angoulême (38,000), on the Charente, manufactures paper and fine millinery.

Rochefort (37,000), nine miles from the mouth of the Charente, is a Biscayan naval station with a poor harbour.

Roanne (36,000), just below the St Etienne coalfield, manufactures cotton goods

Le Creusot (30,000), on the watershed of the Loire and Rhone, near the Canal du Centre, has important manufactures of cannon, locomotives, and steel rails. It contains the large ironworks of Schneider & Co

Dieppe (22,000), on the Arques, is a seaside resort, and packet port with steamer connection with New-haven

Other important towns are *Carcassonne*, a gap town, *Cannes*, a Riviera winter resort, *Modane*, frontier station on the Mount Cenis route, *Cognac*, on the Charente (brandy), *Macon*, on the Saône (wine market), *Biarritz*, a cosmopolitan watering-place near the Spanish frontier, *Pau*, *Cauterets*, *Loudres* (pilgrimages), *Bagnères de Bigorre*, and *Bagnères de Luchon*, at the foot of the Pyrenees (thermal and medicinal springs), *Cette*, southern seaport for the wine trade, *Vienne*, a route centre, *Epernay* (champagne), *La Rochelle* with *La Pallice*, old historic town and religious retreat, and rising port, *Toul* and *Verdun*, strongly fortified episcopal cities, *Valenciennes*, in French Flanders (lace), *Bayonne*, a fortress, at the confluence of the Nive and Adour, *Cambrai*, on the Escaut (linen), *Sedan*, on the Meuse (wool), *St Malo* and *Morlaix* small Brittany ports, exporting vegetables

FRENCH FOREIGN POSSESSIONS IN AFRICA

ALGERIA *Algeria* (L'Algérie), in North Africa, between Morocco and Tunisia and Libya, is virtually a French "department." It is organised in northern and southern divisions, sub-divided into *arrondissements* and *communes*. The northern division consists of the *départements* of Alger, Oran, and Constantine, and the southern division is made up of the four territories of Ain Sefra, Ghardaia, Tougourt, and the Saharan Oases. Its total area is about 222,180 square miles, and its population approximately 5,800,000 (832,000 Europeans). Until the Arab invasion in the twelfth century, the predominant race was the Berber. To-day, Arabs, mostly nomadic, are numerically the most important class of the native population. The Berbers inhabit the mountain regions, and their chief branch, the Kabyles, keep immense flocks of sheep and goats. There is a considerable Jewish element, especially in the towns. Arabic is the prevailing language, many dialects of it being spoken. The majority of the natives are Moslems.

Relief. The natural divisions of Algeria are three, the Tell, the High Plateaux, and the Sahara. The Tell is a strip of undulating, cultivated land, extending 50 to 150 miles inland from the sea, and forming the northern limb of the Atlas range which stretches eastward from the Atlantic through Morocco, Algeria, and Tunisia to the hills of Cyrenaica. Kabylia is the best known part of this mountain range, but more interesting is the Aurès range, overhanging the Sahara, enclosing fertile plains and valleys of great richness. The region of the High Plateaux, extending from west to east, consists of vast plains separated by parallel ranges of mountains. Only a small portion is capable of cultivation, and much is covered with alfa grass and delicate aromatic herbs. The Sahara embraces the Lower Sahara, a vast depression of sand and clay, stretching eastwards as far as Tunisia, and the Upper Sahara, a rocky plateau frequently attaining a considerable elevation, extending on the west into

Morocco. Moving sand occupies extensive areas in both regions. The chief rivers of the Tell are the Mafraq, the Seybus, the Wed-el-Kebr, the Makta, and the Shelf, which colour the Mediterranean in flood-time, but in summer fail to force a passage through the banks of sand accumulated in their estuaries. In the south the streams in summer aid irrigation, and form subterranean reservoirs (the source of beneficent artesian wells), or the large, salty, open lakes, known as shotts.

Climate. In the north the winters are cool and moist, the summers hot and dry. To the south, and in exposed parts, the climate becomes more extreme. Agriculture is hindered by the hot blasts of the sirocco and the frosts of winter. On the coast frost and snow are rare, but on the High Plateaux and the highest peaks of the Atlas, frost is sometimes severe and snow lies long and deep. Algiers has a January temperature of 54° F, and an April temperature of 65° F, after which the heat increases rapidly. Farther south, at Biskra, there is a winter range of 40° F to 60° F.

Vegetation and Fauna. Forests, chiefly in the Atlas regions, cover 6,500,000 acres, but the greater proportion are of little value. The tree growths in order of importance are the cork-oak, evergreen oak, and Aleppo pine. Southward, the arid plateaux display a boundless sea of scattered tufts of alfa or esparto grass, wormwood steppes, and belts of fleshy salt-bushes. Large oases, the true gates of the desert, line the southern shelf of the Sahara Atlas. The largest—Figig, Ain-Sefra, Laghuat, and Biskra—appear like seas of waving date-palms. Utilisation of artesian water has dotted the desert with fertile orchards and gardens of fresh verdure. Many of the mammals, fish, reptiles, and insects are similar to those of other Mediterranean lands, but the Saharan fauna is African.

Industries.—Agriculture. Though Algeria for the greater part is not suited for agriculture, owing to the nature of its soils, its aridity, and the uncertainty of its seasons, it is economically dependent on its crops, cereals and wine being the most important. The principal products are wheat, barley, oats, wine, olives, esparto grass, tobacco, dates, maize, colza and other oil-seeds, vegetables (potatoes, artichokes, beans, peas, tomatoes), fruits (orange, mandarin, citron, pomegranate, almond, fig), flax, silk, ramie fibre, and cork. The best agricultural area is in the littoral, where a small area of highly fertile plains and valleys, owned mainly by Europeans, is cultivated scientifically. Wine production is very important (180,000,000 gallons), the littoral being the most favoured area. Much wine is exported to France. Alfa production (10,000,000 acres) on the plateau could practically supply all the world's paper, but meets severe competition from wood pulp. Olive oil (12,000,000 gallons per annum) of the finest quality is produced in the true Mediterranean area. Cattle number 1,100,000, and the sheep and goats of the mountain regions total 9,200,000 and 3,800,000 respectively.

Fishing. There are important sardine and tunny fisheries in the Mediterranean.

Mining. Mining is on a fairly large scale. Iron (1,000,000 tons), zinc, lead, copper, mercury, antimony, phosphates, and petroleum are exploited. The chief iron centres are Mokra, near Bone, and the region behind Beni Saf, near the Moroccan border. Generally, the ore lies close enough to the surface to be obtained by quarrying. Ornamental stone of fine quality is quarried near Kiebler in Oran,

and at Ain Smara, near Constantine Phosphate of lime, of excellent quality, is obtained at Tebessa (450,000 tons), and petroleum (1,400 tons) is worked at Oran.

Manufactures. The small local supplies of coal (9,000 tons) and oil-fuel, and the lack of a great reserve of water-power, restrict industrial development. There are, however, some 800 establishments engaged in producing various kinds of goods, both for export and for local consumption. The principal industrial enterprises are cigarette-making, wine production, oil refining, fish preserving, manufacture of super-phosphates, flour-milling, leather manufacture, and soap-making. Native manufactures are represented by carpets, blankets, pottery, and leather-making.

Communications and Trade. The Government-built roads (about 3,300 miles) are magnificent, such as no nation but the French seem able to construct, but most of the mountain districts are extremely difficult of access. There are six railway systems in the country, three of which are controlled by the State, and the total length of track is about 2,480 miles. From near the Moroccan frontier the railway line runs roughly parallel to, and at some distance from, the coast, except where it passes through Algiers, and is connected with the Tunisian railways. Short lines connect this east-and-west system with the coast at Oran, Mostaganem, Bougie, Philippeville, and Bone, while others run inland to the oases of Tebessa, Biskra, and Figig. Automobile passenger traffic is increasing on the roads, and caterpillar automobiles are used for desert and semi-desert transport. The chief Algerian trade-centres are starting points for caravan, automobile, and air transport across the Sahara to French West Africa. Telegraph lines total 26,000 miles, and telephone wires, 20,000 miles. There is considerable shipping from the various ports on the railway, which are connected with Marseilles and with one another by the Compagnie Générale Transatlantique. From Oran there is a service to Cartagena in Spain, and from Bone to Corsica and Sardinia; while another service runs from Algiers to Bordeaux via Oran, Tangiers, and Gibraltar.

The bulk of the trade is with France. In the trade with foreign countries, Great Britain leads in both exports and imports, and is followed by Italy, the United States, Belgium, Switzerland, and Germany. The chief imports are cotton, clothing, machinery, metal goods, woodwork, vegetable oil, skins, leather, sugar, timber, coal, coke, manufactured fuel, paper, motor vehicles, chemicals, earthenware, glassware, petroleum, coffee, cattle, and cereals; and the chief exports are wine, sheep, wheat, barley, wool, phosphates, cork, fruit, zinc ore, iron ore, hides, skins, tobacco, olive oil, and raw silk.

Trade Centres. *Algiers* (207,000), the capital and chief port, is built on the west of the bay of the same name. The citadel commands the town, the upper part of which consists of the narrow streets of the Moorish quarter, the lower part of the wide boulevards of the modern French capital, surrounding the flourishing port. It has a splendid, large artificial harbour and extensive dock and storage accommodation, and is one of the chief Mediterranean coaling-stations, convenient for the direct sea route from London to the Suez Canal.

Oran (142,000), the second port and chief port in the west, lies opposite Cartagena. It handles grain, alfalfa grass, and tanning-bark.

Constantine (78,000), the "Lordly Cirta," important natural fortress, of great historic interest, and of wonderful scenic beauty and grandeur, shows French commercial elegance and modernity.

Bône (45,000), the ancient Hippo Regius, possesses a fine harbour.

Tlemcen (43,000), interior town of the west, is noted for the beauty of its situation and its architectural interest.

Other towns are *Sidi-bel-Abbas* (38,000), *Mascara* (29,000), *Blida* (37,000), *Sétif* (31,000), interior towns, *Mostaganem* (27,000), *Philippeville* (34,000), *Bougie* (20,000), ports; and *Biskra*, oasis-town, the "Garden of Allah."

Algeria is a complementary extension of southern France, an outlet for French emigrants, and a source of food and raw materials. Permanence and solidity pervade everything, and at every turn it is clear that France has been transported to Africa.

TUNIS. **Position, Area, and Population.** Tunis or Tunisia (locally known as Ifriqiah or Afrikiya) is the most northerly country of Africa, and is bounded on the north and east by the Mediterranean Sea, on the west by Algeria, and on the south-east by Italian Libya. It has an area of 48,300 square miles, and a population estimated at about 2,100,000 (157,000 Europeans), the bulk of whom are Bedouin Arabs and Berbers, with a considerable proportion of Jews. Since 1881, it has been a French Protectorate, and efforts are being made to recreate the prosperity once existing under the sway of Rome. French influence, however, is much less evident than in Algeria, the Orient is present everywhere, and the Moslem religion prevails. The country is ruled by a native Bey, who holds the sovereignty under French protection. Government is in the hands of the French Foreign Office, represented by a French Resident-General, who is assisted by a ministry of eight French and three Tunisian members. For administrative purposes the territory is divided into nineteen districts, the chief official in each district being French, and aided by native subordinates.

Relief. Tunisia may be divided into five districts—the north, characterised by its mountainous formation (great Atlas range, greatest height under 7,000 ft.) and its large and fertile valleys (the valley of the Majerda, the plains of Mornay, Mateur, and Beja), the north-east with the peninsula of Cape Bon, a region very suitable for citrus fruits; the Sahel, or fertile eastern littoral, where olive trees abound; the centre, a region of rough tablelands and pastures; and the south, semi-desert passing into true desert with many famous oases.

Climate, Vegetation, and Fauna. The climate is appreciably warmer than that of parts of North Africa farther west, but the nights are sometimes distinctly cold until the spring is well advanced. Rain falls in the spring and winter months, and decreases in quantity from north to south. In its vegetation and fauna it is very similar to the Algerian.

Production and Industries. *Agriculture* is the predominant industry, the native population being almost entirely agricultural. Large estates are the rule, and the agricultural development has been undertaken by great joint-stock companies, which have applied their capital to irrigation works and to scientific organisation. The fertile Majerda valley produces olives (200,000 hectares), grapes (2,200,000 gallons of wine), Mediterranean fruits, wheat, barley,

oats, maize, tobacco, and oil-seeds. On the high plateaux alfa grass is the chief economic product.

In the north-west forests the chief tree growths are the cork-oak, evergreen oak, and Aleppo pine, and briar wood abounds. The southern oases, natural or formed round artesian wells, support date-palms (1,000,000 trees producing annually 90,000,000 lbs of the finest dates), under whose shade maize, millet, root-crops, and fruit mature. Goats (780,000) and sheep (482,000) are the most important animals of the plateaux, cattle (400,000) and horses of the northern fertile valleys and the Sahel, and camels of the desert.

Mining. Extensive phosphate deposits are worked round Gafsa and elsewhere (2,000,000 tons—nearly one-third of the world's supply), and iron ore (500,000 tons) is mined near Kef. Lead, manganese, copper, zinc, and lignite are also obtained.

Fishing. The Mediterranean fisheries are valuable, but are largely in the hands of foreigners. Tunny, allache, sardine, and anchovy are the chief fish caught, and sponges are an important product. Sardines are canned at the eastern ports.

Manufactures. The chief industries are oil refining, soap-making, and fish-preserving. Native manufactures are represented by the spinning and weaving of wool for garments, carpet weaving, leather embroidery, slippers, pottery, and matting.

Communications and Trade. The transport system is not so well developed as in Algeria, but there are many good roads, and 1,300 miles of railway. All the railways are privately owned, and are chiefly in the north, where they are a continuation of the Bône-Guelma system of Algeria. The principal lines radiate from Tunis to Bizerta, Constantine (Algeria), Kef, Susa, and the east coast, and Goletta. From Kirovan a line runs to Susa; and there is a mineral railway from the Algerian border, through Gafsa to Siak. There is automobile passenger traffic on the roads, and caterpillar types are used in the semi-desert and desert regions. All the ports are connected with one another and with France, Algeria, Corsica, and Malta by the Compagnie Générale Transatlantique. The bulk of the trade is with France and Algeria, the remainder being mainly with Great Britain, Italy, Germany, the United States, Belgium, and Switzerland. Cattle, hides, barley, wool, oats, olive oil, phosphates, alfa grass, cork, beans, blankets, fruits, wine, marble, beverages, sponges, and ores (iron, zinc, lead, copper), are the chief exports; and textiles, cereals, flour, iron, and hardware, colonial produce, coal, timber, tobacco, and petroleum are the chief imports.

Trade Centres. *Tunis* (222,000)—"Tunis la Blanche"—the capital, at the mouth of the Majerda, near the site of ancient Carthage, is connected with the sea at Goletta by the El Bahira canal, 21 ft. deep, cut through a lagoon, that was originally the embouchure of the Majerda. It is a city of many delights, the native portion displaying the Orient in its bazaars, the French city the conveniences of modern life.

Sfax (84,000) is an important port on the Gulf of Gabes, and a rail and caravan centre.

Bizerta (30,000), in the most northern part of the country, at the mouth of a large and deep lake, is a strong naval base.

Susa (30,000), north of Sfax, is a port, and a railway and caravan centre. It handles alfa, cork, fish, and sponges.

Kairouan (Kairwen) (22,000), on the Wadi Zerud, is the African Mecca.

Gabes (16,000), at the head of the gulf of that name, is a very beautiful caravan centre.

Other towns are *Gafsa* (oasis town), *Monastir*, *Ferryville*, and *Tmdja*.

FRENCH WEST AFRICA. French West Africa extends from Mauritania to Dahomey, and is bounded on the north by Morocco, Algeria, Tunisia, and Libya (Tripoli), on the west by the Atlantic Ocean, Gambia, Portuguese Guinea, Sierra Leone, and Liberia, on the south by the Gulf of Guinea and Nigeria, and on the east by French Equatorial Africa and the Anglo-Egyptian Sudan. It includes Senegal, French Guinea with Los Islands, the Ivory Coast, Dahomey, French Sudan, Upper Volta, Mauritania, the Niger Military Territory, most of Togoland (formerly German), and about three-fifths of the Sahara Desert. The whole territory has an area of about 18,000,000 square miles, and a population of approximately 13,000,000, comprising Moors, Arabs, Berbers, Negroes, and a few Europeans (9,000). Dakar is the seat of the French Governor-General.

SENEGAL (74,000 square miles, 1,287,000 population), surrounds Gambia, and extends westwards to the Senegal. It is a flat country as far as Bakel, 400 miles up the Senegal. The climate is tropical with summer rains, but the influence of the desert is seen in the often bare and burnt soil, the thorny vegetation, and the use of the camel. Generally, the soil is sandy. Ground nuts, millet, maize, fruits, hides, skins, rice, castor beans, coco-nuts, gums, and rubber are the chief economic products for local use and export, and cottons, food-stuffs, metal work, and coal are the principal imports. Weaving, pottery-making, brick-making, and jewellery represent the native industries. One railway connects Dakar, Rufisque, and St. Louis (165 miles), and another joins Thiès and Kayes (435 miles). On the Senegal there is steamer service *St. Louis* (24,000), on an island in a lagoon at the mouth of the Senegal, is the capital. It is a fine, old town. *Dakar* (26,000), fortified naval station, and chief port, possesses an excellent harbour. *Rufisque* (12,000) and *Gorée* are ports.

FRENCH GUINEA (93,000 square miles; 2,027,000 population), lies between Portuguese Guinea and Sierra Leone, and includes the Futa Jallon plateau and the upper basin of the Joliba (Niger). Its chief economic products are palm oil, palm kernels, rubber, ground nuts, rice, gums, cotton, bananas, coffee, gold, hides, skins, cattle, and wax. A railway connects *Konakry*, the capital, with Kankan (412 miles).

THE IVORY COAST (126,000 square miles; 1,546,000 population), lying between Liberia and the Gold Coast Colony, extends on to the Kong plateau. It is a prosperous colony, possessing great mineral and forest wealth. Its chief economic products are gold, maize, cotton, rice, plantains, pine-apples, fruits, cacao, coffee, coco-nuts, rubber, and mahogany; and its chief imports are tissues, tobacco, wine, metal work, machinery, and implements. Abidjan is connected by railway with Katiola (230 miles). *Bingerville* is the capital, and *Grand Bassam* the chief port.

DAHOMÉY (42,000 square miles; 975,000 population), lies between the Gold Coast Colony and Nigeria. Its chief economic products are maize, manioc, yams, potatoes, cotton, palm oil, and palm kernels. There is railway connection between Kotonou and Savé (156 miles), and Porto Novo and Poté (50 miles). *Porto Novo* (20,000) is the capital.

and chief port *Kotonu, Whydah, and Grand Popo* are ports

TOGOLAND (formerly German, about 24,000 square miles, population, 900,000) France has acquired all the coast and about seven-eighths of the area of the old Togoland, the remainder forms part of the British Gold Coast Colony. *Coco-nuts, coffee, gums, rubber, palm oil, and palm kernels* are the chief economic products. *Lomé* is the chief town and port.

FRENCH SUDAN (648,000 square miles, 2,600,000 population), lying east of the Senegal territories, produces ground-nuts, millet, maize, rice, cotton, sesame, rubber, kapok, skins, hides, and wool. From *Dakar* (Senegal) there is rail connection with *Thés, Kayes, Bamako, and Koulikoro* (745 miles). The chief trade centres are *Bamako* (16,000), the capital, *Timbuktu* (7,000), caravan centre, *Kayes* (12,000), *Segou* (8,500), and *Djenné* (5,500).

UPPER VOLTA (154,400 square miles, 3,016,000 population), lying north of the Gold Coast Colony and Dahomey, *Mauritania* (154,200 square miles, 285,000 population), lying between the Atlantic Ocean and French Sudan, and the *Niger Military Territory* (405,000 square miles, 1,150,000 population), lying north of Nigeria, are regions largely arid and little exploited.

THE SAHARA DESERT The French possess about 925,000 square miles of the Sahara, the world's largest desert, a rocky waste of ochreous or red rock plateaux, carved by aerial erosion, inhabited only on its oases, and crossed only by camel caravans or caterpillar motors. Railways only reach its verge, but a trans-Saharan French railway is projected. Until the day when the radiant energy of the sun, poured so lavishly on this vast inhospitable region, shall be used directly to provide motive power for machinery, the Sahara will continue to limit the number of its human inhabitants and their efforts.

FRENCH EQUATORIAL AFRICA. French Equatorial Africa, lying between the Belgian Congo and Nigeria, comprises the territories of Gabon (122,000 square miles, 381,000 population), Middle Congo (150,000 square miles, 581,000 population), Ubangi-Shari-Chad (208,000 square miles, 605,000 population), and the Military Territory of Chad (502,000 square miles, 1,271,000 population). Included in the Colony is the greater portion (167,000 square miles, 1,500,000 population), of the former German colony of Cameroon. The chief economic products are cabinet woods, rubber, vanilla, coffee, cocoa, ivory, kola-nuts, tobacco, hides, skins, and copper. Though a territory of great economic potentialities in tropical products, the exploitation of its latent resources depends on the development of transport facilities (road, railway, and river), the education of the natives, and the conquering of the scourge of sleeping sickness. As yet, there has been little development.

The chief towns are *Libreville*, on the Gabon estuary, the capital of Gabon, with a harbour suitable for small vessels, *Loango*, the chief port, capable of accommodating large vessels, *Duala*, the chief northern port, *Brazzaville*, on Stanley Pool, the capital of the Middle Congo, and the seat of the French Governor-General, *Fort-de-Possel*, the capital of Ubangi-Shari-Chad; *Mao*, the capital of the native state of Karem, and *Absheir*, the capital of Wadai, and a caravan terminus.

FRENCH SOMALILAND French Somaliland,

between Eritrea and British Somaliland, lies round *Tajura Bay*, at the head of the Gulf of Aden, and occupies the western shores of the Strait of *Bab-el-Mandeb*. It has an area of 12,000 square miles, and a population of 50,000. An outlier of the desert, it is crossed by few perennial streams, and its trade is largely of a transit nature. Its chief economic products are salt, hides, skins, coffee, feathers, ivory, gum, and incense. *Jibuti* (8,400), connected by rail with *Addis Ababa* (Abyssinia), is the capital, chief port, important coaling station, and rival of Aden. Cotton goods, coal, butter, and sugar, are the chief imports of the colony.

RÉUNION The fairy-like volcanic island of Réunion, a mulatto lost paradise, 420 miles east of Madagascar, in latitude 21° S, has an area of some 970 square miles, and a population of 178,000, mostly of mulatto stock (classed as Europeans), with a few negroes, Malagases, Hindus, Chinese, and old French settlers. It is composed of two great volcanic masses—an old and denuded one in the north-west, and a young and active one in the south-east—united by a lofty plateau, 5,000 ft high. The highest peak, *Piton des Neiges* (10,070 ft) in the centre, and the fiery volcano of *Piton de la Fournaise* (8,400 ft) in the south west, gather snow and rain and send the waters down thousands of picturesque gorges into torrent rivers. There is a wonderful variety of climate from the warm coastlands to the snowy *Piton*. On the trade-wind mountain slopes the vegetation is very luxuriant. On account of its mountainous nature, little more than a six-mile belt of mouldered fertile lava round the shores is peopled, and many of the population are indolent. At first noted for coffee, and in the last century for sugar, it has failed to rival Mauritius in the competition with beet-sugar, though sugar forms an important export still. Its chief economic products are sugar, rum, coffee, manioc, tapioca, vanilla, spices, and essences. The chief port, *Pointe-des-Galets*, is connected by a coast railway of 80 miles with *St Benoît* and *St Pierre* (30,000), *St Denis* (26,000), in the extreme north, is the capital, and other centres are *St Paul* (20,000), *St Louis* (15,000), *St Joseph*, *St Philippe*, *Helbourg*, and *Salazie*. Trade is carried on chiefly with France, sugar and rum being the chief exports, and rice and grain the chief imports. The island sends a senator and two deputies to Paris, and is administered by a governor, who is assisted both by a privy council and by an elective council-general.

MADAGASCAR Position, Area and Population. The large island of Madagascar, a fragment of the ancient continent of Gondwanaland, lies off the south-east coast of Africa, from which it is separated by the Mozambique Channel (about 10,000 ft. deep), whose narrowest part is about 240 miles. It extends from 12° to 25° S lat., and from 43° to 50° E long. Its length, from north to south, is 980 miles, and at its broadest, from east to west, it is some 360 miles wide. The area of the island (228,000 square miles) is nearly twice that of the British Isles, and its population numbers 3,600,000 (25,000 non-Malagasy), most of whom appear to be mainly derived from Malayo-Polynesian stock, the Hovas being the dominant race. In 1896, Madagascar was declared a French colony, but has no representative in the French Parliament, nor has it an elective assembly. At the head of the administration is a governor-general, who is assisted to some extent by a consultative council.

Relief. The east coast is a straight line, broken only by Antongil Bay. It is bordered by a chain of lagoons, formed by the rivers and ocean currents making long sandbanks parallel to the coast. Skilled French engineers have connected and turned these lagoons into a fine waterway, utilized by light canoes. The north-west coast is broken up by a number of spacious inlets, some of them landlocked and of considerable area, and the west coast has numerous bays. The core of Madagascar is an elongated high plateau, composed of ranges of mountains of gneiss and other crystalline rocks, that stretch like a backbone from the north almost to the south of the island, the elevation being from 4,000 to 6,000 ft. Almost in the centre is the Imerina plateau, where the mountains reach their greatest altitude. Everywhere the volcanic activity of the past is evident. Towards the west the sea is reached by a series of step-like terraces, while towards the east the plateau sinks precipitously to a narrow fringe of marshy coast. There are many extinct volcanoes, the principal being Mount Ankaratra, one of whose five cones, Tsafafavana, attains 8,630 ft., Mount Amber, and Mount Ivohit-somba. The west and south parts of the island are comparatively low-lying, being about 600 ft. above sea-level. Owing to the slope of the high land almost all the chief rivers flow to the west coast, crossing three-fourths of the breadth of the island. The most important and the largest are the Betsiboka, the Tsiribikina, the Mangoka, and the Onilahy, navigable for light draught vessels for a hundred miles or so, until rocky bars stop navigation. The eastern rivers, short, rapid, and impeded by rapids and cataracts, are useless for navigation. The Mangoro is the largest.

Climate, Vegetation, and Fauna. In the interior districts the climate is temperate and healthy, with no intense heat, but the coast climate, especially on the west, is much hotter; and malarial fever is prevalent in the lagoon and marsh regions. The seasons are two—the hot and rainy, from November to April, and the cool and dry during the rest of the year—but the eastern escarpments, windward of the south-east trades, have rain all the seasons, contrasting greatly with the drier west. Antananarivo has a mean annual rainfall of 53 in., and a mean annual temperature of 62° F (Tamatave, 90 in., 75° F., Mojanga, 50 in., 79° F.).

Tropical rain-forests clothe the eastern scarps, descending to a margin of mangrove swamps, while the western terraces display light tropical woodland interspersed by savannas and thornwoods. The top of the tableland is a continuation of the Rhodesian bushveld, and the extra-tropical, dry, southern part of the island offers a vegetation somewhat like that of the South African Karroo. Long detached from the African plateau, Madagascar has developed several types of plant and animal life, peculiar to itself. Among its curious plants are the obelisk-like pandanus, the banana-like traveller's tree, the raphia palm, the Madagascar spice tree, the Casuarina, and the Tangena.

Madagascar is deficient in the larger carnivora and in ungulate animals, but is especially the home of the lemur and the aye-aye. Of bird-life it contains 38 genera and 125 species peculiar to itself, many of them very beautiful.

Industries. The principal occupations are agriculture and cattle rearing. Owing to the mountainous character of the island, there are only about

3,000,000 acres under cultivation, and except upon the lofty Imerina plateau and other highland areas, the natives do not work hard. Rice is grown widely, and manioc (from which cassava and tapioca are obtained), cotton, sugar, cacao, coffee, vanilla, tobacco, sweet potatoes, butter beans (a Madagascar speciality), cloves, and mulberry trees (silk) are cultivated. On the savannas the pastoral industry is important. There are 7,300,000 cattle, 271,000 sheep, 141,000 goats, and 422,000 pigs, and extensive meat preserving factories are found at Majunga, Diégo Suarez, Tamatave, and Antananarivo.

Fishing is important, and the considerable mineral wealth is being exploited. Gold, copper, lead, plumbago (exports of which are proving serious to the exports of Ceylon), iron (long used by the natives), zinc, precious stones, mica, antimony, nickel, sulphur, and lignite are found. The vast forests yield valuable woods, rubber, gums, resins, and plants for textile, tanning, dyeing, and medicinal purposes.

The chief native industries are the spinning and weaving of cloths of silk, cotton, hemp, and raffia fibre, the plaiting of mats, the making of mai sugar bags and straw hats, and metal work. There are factories in the chief centres for the manufacture of sugar, soap, rice, and tapioca, and the canning and preserving of meat.

Communications and Trade. The French have constructed about 800 miles of railway (Antananarivo to Tamatave and Anseratra, Moramanga to Anseratra), and have built excellent well-metalled roads running from the capital to all the chief towns of the island. On several of the roads there are regular motor services. Many regions, however, have only native tracks, often impracticable for carts and awkward even for the filanzana (carrying chair). Porter transport is still common. Small boats ply on the small navigable reaches of the river, and the eastern lagoon waterway. Most of the trade is with France. The chief exports are gold, cattle, bark, timber, manioc, beans, hides, skins, raffia fibre, rice, rubber, wax, gums, vanilla, and sugar; and cotton goods, ironmongery, crockery, tinned provisions, rum, wines, spirits, clothing, coal, lime, and cement are the chief imports.

Trade Centres. *Antananarivo* or *Tananarive* (95,000), the capital, originally a tribal chief village, is situated in the interior of the island at an altitude of 4,750 ft., on the edge of a magnificent and extensive rice-plain, watered by the river Ikopa and its tributaries. It contains the residence of the governor-general and the administrative offices.

Tamatave (12,000), the chief port, stands on a sandy projection almost at right-angles to the eastern coast of the island. It has an excellent harbour with two entrances, and is connected with the capital by railway and telegraph. Its exports include hides, raffia fibre, timber, and rubber.

Diégo Suarez (12,000) stands on the bay of the same name at the northern extremity of Madagascar. It has a fine harbour, and is the headquarters of the French military colony.

Other towns are *Majunga* (10,000), western port, *Manankera*, eastern port, *Tulear*, western port, and *Vohémar*, north-eastern port.

The islands of *Nossi-Bé*, in the north-west, and *Sainte Marie*, off the east coast, are small fertile islands producing sugar, which have been incorporated with Madagascar.

The lonely volcanic islets of *St Paul* and *Amsterdam*, situate about 37° S in the Indian Ocean, midway between Africa and Australia, and the desolate, wind-swept island of *Kerguelen* in 50° S and 70° E, are a French possession. These islands are little visited, have no permanent inhabitants, and so far have been utilised only by sealing and whaling ships, and scientific expeditions.

The *Comoro Islands*, at the northern end of the Mozambique Channel, are administered as a part of Madagascar. They have an area of about 800 square miles and a population of nearly 100,000. The largest are Grande Comore, Moheli, Anjouan, and Mayotte. Sugar, vanilla, perfume plants, such as patchouli, cacao, lilies, copra, coffee, cloves, aloes, and hardwoods are the chief economic products; and cotton goods, metal goods, and rice are the principal imports. Most of the people are Mohammedans.

MOROCCO *Position, Area, and Population.* Morocco, or Marocco, the largest of the Barbary

600,000 in Spanish Morocco and the Tangier zone), composed of Berbers, Tuaregs, Shellahs, Arabs, Jews, and Negroes. The majority of the people are Mahomedans.

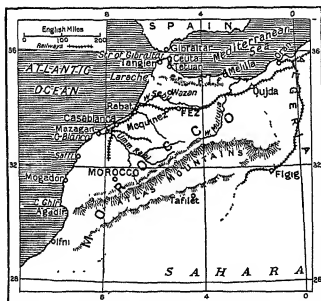
Relief. To a large extent Morocco is boxed in between the Atlantic and the Atlas mountains, which here attain their greatest height, then slope down to the coast by Agadir, the most southerly point, while the Rif chain makes a northern mountain wall. The littoral, between mountain and sea, is a fertile plain, drained by a regular series of rivers, chief of which is the Sebou. In this area are four general classes of land and soil: the mountain masses mostly bare and useless, the "tirs," or black soil, producing enormous quantities of cereals, the "hamri" or red lands; and the "rmei" or sandy territory. Mountains are massed most formidably in the centre, where are the Great, the Middle, and the Little Atlas, and southwards is a large plain, Saharan in its southern limits. Morocco has no navigable rivers, but some could be made so by dredging. The Muluga (400 miles) is the only considerable one on the Mediterranean coast. Those on the Atlantic coast, half dry in summer and raging torrents in winter, are the Kuo, the Sebou, the Bon Regreg, the Um-er-Rebia, the Tensift, the Sus, and the Draa.

Climate, Vegetation, and Fauna. The climate is good, and undoubtedly healthy, especially on the Atlantic coast. From November until April is the rainy season, the maximum fall occurring in the north and the minimum in the south (Tangier and Fez are the rainiest towns). The hot season (May to October) is not so hot as in other parts of North Africa, though the interior plains and the Mediterranean coast, lacking the Atlantic winds which moderate the heat of the western littoral, have some intensely hot days. At Fez the mean annual temperature is about 66° F, with a minimum of 33° F, in February, and a maximum of 110° F in August. Marrakesh (Morocco City) is sometimes a little colder than this in January, and is warmer in the late summer months.

By the coast, and where the rainfall is large, there are scattered forests and woods of cork oak, cedar, juniper, and pine. The oleander, the tamarsk, the clematis, and the willow line the streams, and on the higher ground and among the hills lavender, thyme, mint, and sage thrive. Many wild flowers, among which the asphodel is prominent, add beauty to the dry lowlands. There is good pasture on the dry steppes of the interior, where alfa or esparto grass abounds. All along the Saharan slopes of the Atlas there are oases, noteworthy for their date palms, chief among them being Taflet.

The fauna is similar to the other Barbary States (Algeria and Tunis).

Industries. Agriculture, practically the sole industry of the natives, is the backbone of Morocco. Native farming methods are still primitive, but the Protectorate Authorities are improving the quality of the produce by establishing State farms and gardens, by instructing the natives in modern methods, and by selling land at low prices to Europeans, who are willing to settle thereon and farm it according to European methods. Among the agricultural products are barley, maize, cummin, wheat, beans, lentils, fenugreek, chick-peas, henna, linseed, coriander, hemp, rose, orange, and jasmine flowers (for perfumes), and the true Mediterranean areas produce many fruits, principally figs, almonds, pomegranates, lemons, olives, oranges, and grapes (European vineyards were started in 1921). Cotton



States, occupies the north-western corner of Africa, where that continent approaches most nearly to Europe, which is here only 13 miles distant. On the east the Wed Gher forms the boundary with Algeria, while the southern border lies along the Draa for the most part, the coast strip running southward beyond the mouth of that river. It has an area of 231,500 square miles, most of which is a French Protectorate. (On 30th March, 1912, the Sultan signed a treaty, by which he formally accepted the French Protectorate. The Sultan is in apparent authority, with his ministry the *maghzen*, but the authority of France steadily increases, and that of the *maghzen* declines to a like degree). There is a Spanish zone, and the international zone of Tangier (140 square miles; population about 52,000). Spain's Morocco zone is a thin slice of the western end, which, after making a front to the Atlantic, curls round the corner where Tangier is and runs along the Mediterranean coast for a little more than 200 miles. The depth of the zone (not yet clearly determined) from the coast varies, but on an average it is only about 40 or 50 miles. (Spain claims 8,280 square miles for the north zone, 9,500 square miles for the southern Cape July zone; and 580 square miles for Ifrie on the west coast). It is estimated that the total population of Morocco is about 6,000,000 (5,400,000 in French Morocco;

growing began in 1911, and is steadily developing. Dates of excellent quality are a product of the south. Enormous quantities of eggs are exported.

The pastoral industry is important, and progress has been made in live stock breeding. Cattle and horses flourish on the lowlands, and Barbary sheep and goats on the hill and mountain slopes. It is estimated that there are 9,000,000 sheep, 3,000,000 goats, and 2,000,000 cattle. Wool is an important export.

The country is believed to be extremely rich in minerals. The valuable phosphate fields lying between El-Boroudj, and Oued Zem, exploited by the Moroccan Mines Department, have an annual output of approximately 1,000,000 tons. Copper, iron, lead, gold, silver, antimony, sulphur, manganese, tin, petroleum, and lead have been located. Iron is mined in the Spanish zone, but little has yet been done in mining beyond the business of prospecting.

For centuries the Moroccan forests have been wantonly destroyed, but the establishment of a French forestry service is increasing the forest area. The argan, thuya, cork, green oak, juniper, cedar, and fir trees flourish abundantly, but, as yet, only the cork and cedar are industrially exploited.

Sardine and tunny fisheries are established in the Mediterranean.

The native crafts and industries are of a primitive nature, and consist of weaving native cloth and carpets, and the making of slippers, saddles, pottery, oil, and soap. In the chief trade centres there are Italian paste, biscuit, aerated water and fish-canning factories, flour and oil mills, distilleries, saw-mills, brick kilns, tanneries, and carriage and furniture works.

Communications and Trade. All the principal centres are linked by macadamised roads, which extend over a length of 1,900 miles, and on these automobiles compete strongly with the railways. Many areas, however, have mere bridle tracks, and camel caravans are the only means of transport in the south. There are now over 1,200 miles of railway (narrow and normal gauge), although, in 1910, Morocco possessed no railways. It is possible to travel by rail from Ouzazzan, almost on the border of the Spanish zone, to Kenitra, Rabat, Casa Blanca, and Marrakesh. From Casa Blanca a branch runs inland and eastward to Oued Zem, and the grand main North African line permits a journeying from Casa Blanca, through Rabat, Mequinez (Meknes), Fez, Taza, Oujda, into Algeria, with connections for the desert leading on to Colomb, Bechar, and Oran. Some 10,000 miles of telegraph and telephone wires provide communication between the chief towns. Submarine cables run from Tangier to Cadiz, Tarifa, and Oran, and there are six State-owned wireless stations. Between Rabat and Toulouse a daily aerial service has been established.

The principal exports are hides, skins, leather, animals, eggs, wheat, barley, wool, almonds, linseed, beans, olive oil, dates, gums, and fruits, and the chief imports are cottons (easily first), textiles, sugar, hardware, candles, petroleum, tea, and flour. Most trade is with France, Algeria; Spain, Great Britain, the United States, Belgium, Holland, and Italy.

Trade Centres. *Morocco* (Marrakesh) (145,000), the second and southern capital, lies at the north end of an immense fertile plain in Central Morocco, north of the principal Atlas group, and surrounded by a girdle of palm trees. It commands the trade

routes to the south, and has manufactures of leather, tiles, pottery, and iron. Among its notable mosques is the Kutubia.

Fez (125,000), a sacred city of Islam, the northern capital, and the chief centre of the religious, commercial and industrial life of Morocco, is situated among groves and gardens in a picturesque valley in the interior.

Casa Blanca (111,000, more than one-third European), situated on the Atlantic coast between Rabat and Mazagan, is the port of French Morocco, well-equipped for business. In its large harbour ships can anchor in from five to seven fathoms.

Mequinez (Meknes) (38,000), the central capital, lies 34 miles to the westward of Fez. It is a place of great interest, being still almost unspoiled. Near it are the ruins of Rome's old Mauretanian outpost of Volubilis.

Rabat (34,000), the French administrative centre and capital, stands strongly fortified, on the Atlantic coast at the mouth of the River Regreg. It manufactures carpets and leather, and exports olive-oil, wool, skins, and wheat.

Tanger (51,000) stands on the hilly west bank of a shallow bay of the Atlantic. It is an important seaport and commercial town with a large French and Spanish population, and is the seat of accredited representatives of the foreign powers. International jealousies have prevented its growth.

Tetuan (30,000), situated about six miles from the Bay of Tetuan, on the north-east coast, is the capital of the Spanish zone and the seat of the Moroccan Khalifa, who reigns under the High Commissioner of Spain.

Melilla (43,000), in the northern Spanish zone, is a commercial centre, and the headquarters of the Spanish command.

Larache (12,000) is the chief town of Atlantic Spanish Morocco.

Other towns are: *Mogador* (20,000), *Mazagan* (22,000), *Safi* (26,000), *Sald* (24,000), ports; and *Oujda* (22,000), inland trade-centre.

Mails are dispatched to Morocco every morning. Tangier is 1,200 miles distant from London, transit, five days, or by Sud Express, three days.

FRENCH FOREIGN POSSESSIONS IN ASIA

SYRIA. *Position, Area, and Population.* Syria, under French Mandate, is a Levantine country, bounded on the west by the Mediterranean Sea, on the east by Iraq (Mesopotamia), on the north by Turkey, and on the south by Palestine. It is divided into four territories (total area, 60,000 square miles, population, approximately 3,000,000)—Syria, Great Lebanon (declared a State in 1920), Alaomite, and Jebel Druz. The people present a bewildering medley. They are of Semitic blood, with slight admixture from other sources. The main stock is Aramaean, strongly affected by Arab immigration, and Arabic is the prevailing language. About 1,500,000 belong to the Sunni sect, and 113,000 are Shutes.

Coast Line. The coast line on the north is rugged and rock-bound, but sandy in the south owing to the age-long deposits of Nile silt. Small havens at Tyre and Sidon shelter coastal craft; and at Beirut, Tripoli, and Alexandretta there is accommodation for larger vessels. Apart from Beirut, lightering of cargo is necessary.

Relief. The country consists of a tableland of cretaceous limestone, with strata of recent sand-stone

and lignite, and dykes of basalt, crossed from north to south by a great rift valley, and drained by the Orontes and Leontes (Litany) flowing to the Mediterranean Sea, and by the Jordan flowing to the salty Dead Sea (1,300 ft below sea-level). West of the rift valley the high margin of the tableland comes close to the sea, rising to over 11,000 ft in the snowy peaks of the Lebanon range, which sinks northward through the Jebel Ansariga and Amanus heights to the Taurus. Further south it recedes from the coast, leaving the fertile plains of Sharon and Philistia. East of the rift valley, to which the tableland falls steeply on either side, rise the Anti-Lebanon mountains, which attain a height of over 8,000 ft in Dahr Abu'l Hin, and scatter southwards. By a splendid gorge the River Barada reaches Damascus, and southwards Mount Hermon raises its massive bulk to a height of 9,050 ft. Shapely volcanic cones mark the descent through the Jaulan uplands to the great volcanic outflow of the fertile Hauran, which is protected from the desert by the basaltic dyke of Jebel-ed-Druze.

Climate. On the whole the climate is of the Mediterranean type, though varying greatly in different parts. The winters are mild or warm (except on the heights), the summers exceedingly hot (especially in the rift valley), and the rainfall is markedly seasonal, abundant in winter, and practically nil in summer. On the inland uplands in summer, the difference between day and night may be over 20° F., and, in the desert steppes beyond the Jordan, it may be 30° F. at night, and 77° F. at noon. The rainfall, nowhere heavy save on the Lebanon heights, diminishes from north to south, and from west to east. The mean temperature of Beirut ranges from under 60° F. in winter to over 80° F. in autumn, and its mean annual rainfall is just over 36 in. Generally, the climate is not unhealthy, but life becomes a burden when the south-eastern sirocco blows.

Vegetation. On the seaboard are many evergreen shrubs with narrow, leathery leaves, spring flowers of surpassing but transient beauty, myrtle and oleander, pine and olive, anemone and tulip. The stippule flora abounds on the eastern slopes of the tableland, and prevails over the greater part. Thorny shrubs, dry grasses, and a few scattered trees such as the prickly-leaved oak, are its chief species. East of about 36° 30' desert conditions commence.

Fauna. The Syrian fauna is rich. Bear, panther, wild boar, badger, leopard, wolf, jackal, and hyena haunt the mountain fastnesses, and deer and gazelles are found in the south. There are many varieties of snakes and lizards, and among the birds are the eagle, vulture, rock partridge, pigeon, and quail. Birds of fine plumage abound, but song birds are few.

Industries. Agriculture and the pastoral industry form the principal occupations of the bulk of the population. Ten per cent of the area (6,000 square miles) is under crops, the chief of which are cereals (wheat, maize, barley, durra, oats), vegetables, fruits (oranges, lemons, dates, bananas, olives, grapes, mulberries, figs, apricots, apples, pears, walnuts, carobs), tobacco, cotton (small extent, but increasing), sesamé (for oil), hemp, sugar-cane, chick-peas, lentils, vetches, and lupins. Without irrigation little cultivation is possible except on the western slopes, where most moisture falls, and in the green plain of Phoenicia. The ancient terrace cultivation is being revived. The richest wheat lands are in the Beka'a (Lower Orontes valley) and

on the volcanic soil of the Hauran, and the most important silk-producing region is in Lebanon, where the French are fostering modern methods of sericulture. From Beirut come the best oranges, and around Latakia, Tripoli, Aleppo, Beirut, and Damascus are rich hemp and tobacco lands. The best cotton is produced in the hinterland of Alexandretta. Fertile oases border the streams flowing east, and produce cereals, fruits, and dye-plants, among which are the maize of the Beka'a, the fruits of Damascus, the indigo of the Hauran, and the abundant date-palm. Roses still bloom on the Plain of Sharon and round Damascus, and Mediterranean fruits of all kinds, and plants yielding dyes, such as madder and saffron, flourish along the moister valleys and coastal plains.

Pasture land predominates, and the nomad shepherd of the plateau is a characteristic figure. Large herds and flocks of buffaloes, camels, sheep, goats, horses, donkeys, and mules comprise the live stock, and wool and hides are an important export.

Fishermen ply their trade from Tyre to Alexandretta, and mules toil inland with salted fish for town and village. Sponge-fishers at Latakia meet with considerable success.

The mineral wealth, as far as is known, is poor, and largely undeveloped. Rich iron ore is mined at Majerba in Lebanon, lignite round Damascus, and copper east of Aleppo. The marble and building stones of Lebanon are famous. There are indications of petroleum and phosphates, and lead, antimony, nickel, chromium, and gypsum are widely distributed.

Native industries are represented by the spinning and weaving of warm woollen and hair garments and tent cloth, the production of cloth of cotton and silk, and leather, inland wood, brass and copper work. In the chief trade centres, modern factories produce flour, oils, soap, silk thread, wine, tobacco, and dried fruits.

Communications and Trade. A network of tracks, worn through centuries by the feet of transport animals and men, connects the towns and villages. There are over 4,000 miles of road, 1,400 of which are suitable for motor traffic. Between Damascus and Bagdad a motor service has been established, and it would seem that the camel will be displaced eventually from his ancient domain. The telegraph is used in the principal towns, and a wireless station at Damascus keeps touch with the world at large. Communication by rail is established with Egypt, the Hejaz, Iraq, and the Bosphorus. The total railway mileage exceeds 1,000 miles. Lines connect Beirut with Damascus (narrow gauge, 91 miles), Rayak with Aleppo (standard gauge, 206 miles), Beirut with Mameltein (11 miles), Homs with Tripoli (64 miles), and Damascus with El Hammé (120 miles). From Alexandretta a line runs northward to link up with the famous Bagdad Railway; and from Aleppo the Pilgrims' or Hejaz Railway runs through Hama, Homs, Damascus, and Maan to Medina. Most of the ports are visited regularly by the steamers of various companies. The chief exports are wheat, fruit, wool, hides, tobacco, raw silk, and oils, and the chief imports are textile fabrics (mainly cottons), iron goods, machinery, motors, paper, glass, and drugs. Most trade is with France, Britain, the United States, and Germany.

Trade Centres. *Damascus* (170,000), said to be the oldest city in the world, stands in an oasis irrigated by the Abana, at the foot of Anti-Lebanon.

It is the capital of Syria, and from it routes lead by Galilee to the Nile, across the desert to Bagdad and the Persian Gulf, and by the Pilgrims' road and railway to Mecca and Medina. Its manufactures include wool, cotton, silk, attar of roses, mother-of-pearl inlay and metal work.

Aleppo (140,000), the chief city of the north, the great emporium and distributing centre for merchandise from east and west, lies in a fertile valley, watered by the River Kuweik. It manufactures silk and cotton stuffs, embroidery, and leather-wares.

Beirut (80,000), the main seat of commerce and education, and the chief port and administrative capital of Syria, lies upon the Mediterranean Sea, 60 miles by rail from Damascus. Wool, fruit, gums, silk, and oil leave its bustling quaysides.

Homs (60,000), the old Emesa, is an inland trade centre, on the Pilgrims' Railway.

Hama (35,000), north of Homs, is also on the Pilgrims' Railway.

Antioch (30,000), the ancient capital of Syria, is picturesquely situated on the Orontes, 60 miles west of Aleppo.

Tripoli (30,000) is a port with an open roadstead. **Latakia** (20,000), on the holy Kadisha river, is noted for its tobacco.

Alexandretta (Iskanderûn) (15,000), the principal seaport of North Syria, surrounded by green hills, is a fever-haunted place.

Other towns are **Tyre** and **Sidon**, minor ports; and **Zahlah**, inland centre.

Syria needs capital and enterprise to allow it to emerge from its backwater position.

FRENCH INDIA French India (196 square miles, population, 279,000), consists of five separate provinces. Pondicherry (175,000), the chief, on the Coromandel coast; Chandernagore (25,000), on the Hooghly; Karikal (57,000), in the Cauvery delta; Yanam (4,700), in the Godavary delta; and Mahé (12,000), on the Malabar coast. Rice, sugar, cotton, manioc, cacao, coffee, and ground nuts are the chief economic products. Cotton and jute factories and oil mills have been established. The town of Pondicherry (48,000), connected with Villapouram by a short railway, has a monthly steamer service (Messageries Maritimes) with Colombo.

FRENCH INDO-CHINA **Position, Area, and Population.** French Indo-China is an S-shaped country, bounded on the north by China, on the east by the South China Sea, on the west by Siam and Burma, and on the south by the Gulf of Siam and the South China Sea. It consists of five states (total area about 270,000 square miles, population, approximately 20,250,000)—the colony of Cochinchina (the delta and low-lying lands of the Mekong, area, 26,500 square miles, population, 3,979,000), and the protectorates of Annam (eastern coastal strip, area, 52,000 square miles; population, 5,952,000), Cambodia (part of the plain of the lower Mekong, area, 57,900 square miles, population, 2,450,000), Laos (inland mountain region, area, 92,600 square miles, population, 850,000), and Tong-ling (the delta of the Red river or Hong-Kiang, area, 40,530 square miles, population, 6,851,000)—the leased territory of Kwangchow Wan (190 square miles, population, 168,000), in the far south of Kwangtung province, and the territory round Battambang, ceded by Siam in 1907. The population is mainly of Mongolian origin—Cambodians (descendants of the ancient Khmers) in the

south, Annamese (the most populous) on the coast, Mois ("savages") in the hills of the centre, and Laos and Shans in the north-east. Confucianism and Buddhism are the prevailing religions. The whole country is administered by a governor-general, assisted by a secretary-general; there is a superior council with a permanent commission of the council always in session. In the background stands the French colonial office in Paris. Cochinchina has a governor of its own, and is represented in the French chamber by a deputy, but the four protectorates have as their head the French Resident General, who directs the policies of the native provinces and their subordinate mandarins. The seat of government is at Hanoi.

Relief. The vast mountain masses of Tibet, which form the hinterland of Indo-China, send out three lines of mountains, the eastern of which runs through Annam, and is divided from the central ridge by the gorges of the Mekong. The interior of Tongking is a highland region (2,000 ft. to 4,000 ft.), exhibiting gentle curves where the Devonian schists occur, but displaying a wild and rugged appearance in the areas of hard palaeozoic sandstones. Ancient rocks, forming a continuation of Yunnan, encircle the huge delta of the Red river and the Thai Binh, which supports most of the population of Tongking. A granitic mountain-chain (4,000 ft. to 9,000 ft.), in the form of an arc stretching from Tongking to Cochinchina and running close to the coast of the China Sea, forms the skeleton of Annam, and cuts off communication with the interior. Laos is an interior plateau country, most easily approached along the Mekong. The low alluvial lands, formed by the floods of the Mekong and the Donnai, comprise the greater portions of Cochinchina and Cambodia. A remarkable feature of the Mekong is the great natural reservoir of Tonlé Sap, into which much surplus water from the summer floods is drained, and out of which it can flow in the low-water season.

Climate, Vegetation, and Fauna. As a whole, the climate depends on altitude and varies from that of the relatively cool highlands to that of the tropical lowlands and deltas, with an intermediate range of temperature in the regions lying between the northern and the southern parts of the country. Generally, the climate is of the tropical monsoon type, and there are three different rainy regions. The extreme south has heavy zentral and monsoonal summer rains, but is very dry in winter. The eastern slopes of the central region are moist at all seasons, but are wettest in autumn and winter, when the North-East Trades blow over the South China Sea. Tongking receives only the monsoonal summer rains. Cochinchina and Cambodia have summer temperatures ranging up to about 85° F., and small daily and seasonal temperature variations. In the north the summers are hot, the thermometer sometimes rising to 100° F., but the winters are cool with occasional temperatures of 50° F. Away from the highlands the climate is trying to Europeans, and more than trying when the typhoons rage.

The mountain slopes are heavily wooded, yielding timber, dyes, and rubber. Teak and bamboo abound, and coco-nut palms grow near the coast. On the shaly muds of the deltas, there are impenetrable tangles of evergreen swamp forests.

Once a vast natural preserve of big and small game, Indo-China has now its main wild life in the heavily forested interior. Among the big game are the elephant (Cambodia, the Land of the Elephant),

rhinoceros, boar, bear, tiger, deer, leopard, and panther. The buffalo has been domesticated, except in parts of Laos, and native horses of the size of ponies thrive, but imported horses have not proved a success. Monkeys and deadly snakes are numerous and in considerable variety. Birds of many kinds abound, including storks, cranes, peacocks, woodcock, ducks, guinea-fowl, geese, egrets, and snipe. The Mekong is noted for its fish, and its large and voracious caymans or alligators.

Industries. Both soil and climate encourage the production of crops, the greatest of which is rice. Rice makes up 70 per cent of the total exports, and about 8,000,000 acres are devoted to its culture, Cambodia and Cochinchina having the largest acreage and Tongking the next, while Annam and Laos have a much smaller acreage. The French have done much for agriculture by drainage and irrigation schemes, and the application of scientific methods, though the natives on their small holdings still cling to the implements and methods of their forefathers. All manner of tropical and sub-tropical products are grown—sugar, cotton (increasing), maize, tobacco, manioc, areca nut, cinnamon, pepper (especially Cambodia), tea, ground nuts, coco-nuts, silk (increasing), beans, sesame, yute, indigo, gums, camphor, cardamoms, fruits (tamarind, manjack fruit, orange, lemon, bread-fruit, banana), vegetables (melon, sweet potato, cucumber), and coffee. The forests yield excellent hardwoods and rubber. Large tracts of upland country offer favourable conditions for stock-breeding, especially on the plateau and in certain provinces of Annam (700,000 cattle), and the rearing of cattle and buffaloes for hides, meat, and draught purposes is important. Pigs and poultry are reared everywhere.

All along the coast of the China Sea the fisheries are actively prosecuted, whole fleets of junks, usually manned by Chinamen, carrying on the trade. The rivers and lakes abound in fish, most of them suitable for salting and smoking. A notable feature of Cambodia is the huge fish industry connected with the Great Lake or Bien-Hoa. Thousands of tons of fish are sent into China annually.

Mining is a growing industry, most of the work being done by natives under French guidance. The great mineral wealth includes anthracite coal, lignite, antimony, tin, wolfram, iron, zinc, gold, salt, tungsten, phosphate of lime, and sapphires. Coal is mined at Hongay and Kebas in Tongking, and Tourane in Annam; copper, iron, zinc, and gold are found in Tongking and Annam; precious stones, gold, and tin occur in the north-east of Laos; and from the limestone quarries of Tongking immense quantities of Portland cement are manufactured, chiefly for export.

The industries include shipbuilding at Haiphong and Saigon, boat-building and motor works at Kan-tho in Cochinchina, silk-spinning and weaving, mat-making, pottery, paper-making, wood-carving, brewing, distilling, printing, the manufacture of tobacco, matches, soap, and buttons, and there are tanneries and dye works.

Communications and Trade. In former days the avenues of trade were the sea, the rivers, and a few caravan routes from the coast into the interior; and junks and sampans carried on the considerable commerce. To-day, there are over 6,200 miles of principal roads (suitable for motor traffic), and on the model of the *routes nationales* in France, nearly 11,000 miles of local roads, and about 1,300 miles of railway

(two-thirds Government), playing an influential part in the trade and commerce of Indo-China. A great national road, starting from the Chinese border, runs across Tongking, Annam, and Cochinchina to the Siamese border of Cambodia. The oldest railway runs from Saigon to Mytho, and is being extended to Caitho. From Tongking railways enter China at two points, and one of them penetrates far into Yunnan. Another line from Tongking proceeds along the coast connecting Hanoi and Haiphong with Hué and Tourane in Annam. Tourane has rail connection with Quang-tri and with Fafu, and Hanoi is connected with Vinh. The rivers are important highways, their navigation has been improved, and docks have been built at inland ports, such as Phôm-Penh. Telegraphic and telephonic communications are steadily progressing, and, at Saigon, a very powerful wireless station is in direct communication with Bordeaux. A high proportion of the trade is in Chinese hands. The chief exports are rice, pepper, fish, hides, tin, coal, cotton, sugar, rubber, copra, and spices; and the chief imports are cotton goods, tin, petroleum, iron, and steel goods, machinery, wines, spirits, gunny bags, railway plant, and motors. Most trade is carried on with France, Great Britain, Hong Kong, China, the East Indies, Japan, Holland, and Germany.

Trade Centres. *Hanoi* (150,000), the capital of French Indo-China and of Tongking, stands on the right bank of the Song-ka, and is an agglomeration of several villages. It has railway connection with Haiphong and Lang-chow, and is a brisk trade centre.

Haiphong (20,000), the chief commercial centre and port of Tongking, lies on the right bank of the Kua-Kam, 22 miles from the sea. It has a fine harbour with shipbuilding yards and extensive repair shops, and manufactures cotton goods, cement, soap, and leather.

Huê (80,000), the capital of Annam, situated on the left bank of the Hué river, is built on what is practically an island, the river flowing on three sides and a canal cutting off the fourth. It has a poor harbour, and its main industries are glass and ivory working.

Binh Binh or *Kanh-hoa* (75,000) is the largest town of Annam.

Tourane (50,000) possesses the best harbour in Annam and convenient coal. It has a brisk trade in cottons and silks.

Vientiane is the capital of the thinly populated state of Laos.

Phom-Penh (90,000), the capital of Cambodia, stands on the Mekong, 130 miles north-west of Saigon. It is an inland port, and has oil-mills and soap works.

Cholon (250,000) is the largest town in Cochinchina. It is a famous centre of the rice trade, and its huge granaries are equipped with every modern device.

Saigon (100,000), the capital and commercial centre of Cochinchina, and the principal French military and naval base in the Far East, is situated on the right bank of the Saigon, about 40 miles from its mouth. It is an attractive modern port with a spacious harbour, accessible to the largest steamers. Rice mills, saw mills, soap factories, breweries, tile and brick works, and shipbuilding yards comprise its industrial activities.

French Indo-China promises great future progress. Its people are ready for Western ideas and are capable of adapting them to their own purposes, its

soil is rich and bountiful, and its Government is enlightened

FRENCH POSSESSIONS IN AMERICA

ST PIERRE AND MIQUELON St Pierre and Miquelon and a few small islets, lying 15 miles off the south of Newfoundland, were ceded to France under the Treaty of Utrecht, 1713, with the provision that they were not to be fortified. Miquelon (93 square miles, 500 population), consists of two hilly masses, joined by a narrow sandy isthmus. St Pierre (10 square miles, 4,000 population), is also hilly. Both islands are cliff-bound, often fog-blanketed, and subject to long icy winters and furious tempests. The islanders are mainly of Breton and Norman stock, hardened by centuries of struggle against adverse conditions. There is little arable land, and the chief occupation is cod-fishing on the Grand Banks. The fisheries have declined in recent years through the lack of herring bait and the restriction of the fishing grounds.

St Pierre, on the island of that name, is the chief town. It has a good roadstead, sheltered by the Isle of Dogs, and a fishing bank is within ten hours' sail. The chief trade of the island is with France, and consists of an exchange of cod (dried and fresh) and fish products for textiles, food-stuffs, salt, wines, and meat.

FRENCH WEST INDIES The French Caribbeanes include *Martinique* (385 square miles, 245,000 population), and the *Guadeloupe Group* (Guadeloupe (Basse Terre and Grande Terre, 532 square miles), Marie Galante, Les Saintes, Désirade, St Barthélemy, and St Martin (less than half). Total area, 688 square miles, total population, 230,000).

MARTINIQUE is a lovely, rugged, volcanic island. Much of its surface is forested, and from its undulating, neglected, tangled woodlands rise six great volcanoes, the highest of which is the terrible Mont Pelée, which totally destroyed St Pierre, the chief commercial town, in 1902. The bulk of the population are negroes and mulattoes, indolent and lacking in energy, and the great resources of the island are, to a large extent, neglected. Formerly relying on cane-sugar production, the freeing of the slaves and the competition of beet-sugar have compelled the production of a variety of crops. Sugar, cacao, rum, coffee, tobacco, vegetables, pineapples, cotton, and bananas are the chief economic products, and tinned food, meat, flour, textiles, wines, and machinery are the principal imports. *Fort-de-France* (27,000), is the capital, the chief commercial town, and the chief French naval station in the West Indies.

GADELOUPE consists of two islands—Basse Terre, the western, and Grande Terre, the eastern—separated by the narrow channel of the Rivière Salée. Basse Terre is mountainous and rises to 5,000 ft in the dormant volcano, La Soufrière. Grande Terre is a low-lying, swampy, calcareous plain, growing rapidly to the east through the activity of the coral polyps and the washing up of waste materials. The economic products and trade of Guadeloupe are similar to those of Martinique, and like the latter it awaits development. The chief towns are *Basse Terre* (8,400), the capital, and *Pointe-à-Pitre* (28,000), the chief port.

FRENCH GUIANA OR CAYENNE *Position, Area, and Population.* French Guiana (34,740 square miles, 44,300 population), is a land of ancient and modern tragedies, which was, till 1924, a penal station, and is still without development or

hope. Lying east of Dutch Guiana, it is almost enclosed by the Oyapock and the Maroni rivers, with the barrier of the Tumuc Humac mountains in the south. Off its coast lie the island L'Enfant Perdu, and Îles du Diable. A large proportion of its population are the descendants of former convicts, and in the plateau country indigenous races only are found. Europeans are present solely as officials and merchants.

Relief, Climate, Vegetation, and Fauna. From a sandbanked, unindented mangrove coast stretches a muddy plain of blue clay, from 10 to 25 miles broad, and of luxuriant fertility, subject to tropical heat and heavy rainfall (150 in. have been recorded), and cursed with malaria and yellow fever. Beyond this great marsh, all river passages are blocked by the cascading waters of the wild hill country, which rises in three tiers to the terrifically broken plateau country (mean elevation, 3,500 ft, with peaks rising to 8,000 and 9,000 ft) with its border range of uncharted mountains. Mangroves and palms clothe the coastal plain, natural forests, rich in hardwoods (wacapou, greenheart, mora, silverbally, cedar, crabwood), cover the uplands, gallery forests occur along the ridges, and savanna grasslands occupy the lower foothills and terraces. Animal life is rich, including the macaw, egret, and humming birds, deer, peccary, tapir, jaguar, ocelot, puma, monkey, racoon, sloth, insect pests, deadly snakes, and caymans.

Industries. The chief industry is placer gold-mining, though the output is small. A little agriculture is carried on on small coastal strips, the chief products being rice, maize, manioc, cacao, coffee, sugar, indigo, tobacco, and gutha-percha. On the savannas a few cattle are reared, and phosphates are obtained from the coastal islands. Diamonds and other precious stones, silver, mercury, tin, copper, lead, and iron are found, but are hardly exploited. The immense forests that climb the mountains, yielding precious gums, balsams, medicines, and splendid hard timbers, are scarcely touched.

Communications, Trade, and Trade Centres. Coastal services connect the towns, and rivers lead inland to the edge of the upland. A few roads lead from Cayenne into the interior, but railways have yet to come. The chief trade is with France, and consists of an exchange of cacao, phosphates, gold, rosewood, pepper, balata, feathers, and hides for textiles, wine, flour, provisions, iron and steel goods, and machinery. *Cayenne* (11,000), the capital, on a little island at the mouth of the Cayenne river, is a dreamy, palm-embowered, sun-drenched town. *St Laurent* (14,000), on the Maroni river, has telegraphic connection with Cayenne, and is served by small vessels.

FRENCH POSSESSIONS IN AUSTRALASIA AND OCEANIA

NEW CALEDONIA. New Caledonia (7,650 square miles, population 51,000), is a long, narrow, volcanic island, 250 miles in length and 25 to 30 miles in breadth, lying near the Tropic of Capricorn, half-way between Australia and Fiji, and between New Zealand and New Guinea. The surface is essentially mountainous (Mount Pamé, 5,400 ft), the slopes are steep and the country very broken, especially in the north, where two mountain ridges frame the valley of the only important river, the Diabot. Coral reefs border the island for some miles from the strand.

The summers are warm, and, with the early autumns, are wet. Winters are cool and much drier. Noumea, in the south, has a mean annual rainfall of 45 in. About half of the island is covered with scrub and forest, about one-quarter is pasture land, and nearly a quarter is cultivated. Tropical forests occupy only a small area.

All kinds of tropical and sub-tropical products are raised, such as coffee, maize, copra, manioc, tobacco, cotton, bananas, pine-apples, sugar, and vanilla. Stock-rearing (cattle, 200,000, and sheep), forest produce, and fisheries all have a certain importance. The mineral wealth is great. Gold and copper occur amongst the primitive rocks, mines of iron, chromium, cobalt, and nickel (the island is specially famed for its cobalt and nickel) are worked in the serpentine, and coal occurs in the Cretaceous strata. The Mines du Nord have opened smelting works at Pam and Tchir, and have shipped copper, nickel, silver, lead, and cobalt.

Most of the people are Polynesian or Melanesian. There are a number of Javanese and Tongkinese, and some descendants of former convicts (the island was a penal settlement till 1896). More French colonists and better relations between ruled and ruling are needed to develop this lovely island.

There are a few good roads, but railways are practically absent. Coastwise commerce is conducted along the calm canal between reef and shore, and monthly steamers of the Messageries Maritimes run between Noumea and Marseilles. A submarine cable links the island with Australia and the rest of the world. The chief exports are minerals, coffee, copra, cotton, hides, guano, and preserved meats; and the chief imports are wine, textiles, coal, flour, and rice. Noumea (6,000), the capital and chief port, lies on a good harbour off the south-east coast, sheltered by the island of Nou and the peninsula of Ducos.

The dependencies of New Caledonia are the *Isle of Pines* (58 square miles, population, 600), the *Wallis Archipelago* (40 square miles, population, 4,500), the *Loyalty Islands* (800 square miles), the *Huon Islands* (a barren group), and the *Futuna and Alofi Islands* (1,500 population).

THE NEW HEBRIDES ISLANDS. These islands (area, about 6,000 square miles, population, chiefly Melanesian, about 75,000), of coral or volcanic formation, lying at a distance of about 1,000 miles from the coast of Queensland, include four groups of mountainous and extremely fertile islands—the Torres Islands, the Banks Islands, the northern New Hebrides, and the southern New Hebrides. Much of their wealth is still unexploited, and their general importance is due to the fact that they contain three of the best harbours in the Pacific. The chief products are copra, cotton, coffee, maize, cocoa, bananas, sugar, rubber, tortoiseshell, sandalwood, vanilla, nutmegs, fish, pearl-shells, and bêche-de-mer. The British and the French have a joint protectorate over the group, which is unsatisfactory.

FRENCH EASTERN PACIFIC ISLANDS. The French Islands, forming a collective colony in the Eastern Pacific, are the *Society Islands* (*Tahiti*, 600 square miles; 7,200, population; *Moorea*, 50 square miles; population, 1,900), the *Marquesas Islands* (480 square miles; population, 2,300), and the *Low Archipelago*, or *Tuamotu*, *Leeward*, *Gambier*, *Tubuai*, and *Rapa* groups.

TAHITI, the largest of the Society Islands, is composed of two volcanic peaks, surrounded by plains,

which meet at a narrow neck. It is a very healthy, fertile island of extraordinary beauty, and peopled by equally beautiful inhabitants, who are rapidly dying out. Its chief economic products are coconuts, oranges, guavas, sugar, vanilla, vegetables, rum, cotton, edible fungus, mother of pearl, and pearls. *Papeete* (4,600), charmingly located on the north-west coast, is the capital and chief seaport of the Society Islands, the residence of the French governor and the seat of administration of the French colony.

THE MARQUESAS ISLANDS, lying between 8° and 10½° S, consist of eleven islands which, apart from the low coral islets in the extreme north, are exceedingly lofty and of volcanic formation. They are densely wooded islands of extraordinary natural beauty, peopled by Polynesian of low moral standard, who are being killed off rapidly by European vices and diseases. *Nuka-Hiva* is the largest island, and affords the best anchorage in the bay where *Tai-o-hae*, the seat of the French Resident, is situated.

FRANCHISE.—In marine insurance, this implies that unless any claim shall reach a stipulated amount or percentage, there shall be no liability under the policy, but should the stipulated amount or percentage be exceeded, the full claim is payable without deduction of the franchise. The memorandum (*q.v.*) is an example of a percentage franchise. A franchise of a stipulated amount would be provided by clausing of the policy, *e.g.*, "warranted free of claim for particular average under £1,000." A franchise should carefully be distinguished from an "excess" or "deductible average" whereby excess percentage or the amount of the deductible average, as the case may be, must be deducted from any claim under the policy to which it applies.

The word has a similar meaning in Burglary insurance. The practice does not appertain to Fire insurance.

FRANCO.—Free of expense. A term often stamped on bills of lading when freight has been prepaid. When used in conjunction with a place name, *e.g.*, "Franco London," it indicates that all charges have been paid up to and including delivery to premises within the usual City limits or the normal cartage radius.

FRANKINCENSE.—A yellowish gum resin with a bitter taste, and possessing an agreeable odour when burned. It is obtained from certain species of firs and pines, and is brought from India, Arabia, and Somaliland, that from the first-named country being the best in quality. It is employed in many religious rites, for certain kinds of plasters, and for fumigating powders.

FRANKING MACHINES.—A franked letter is one impressed with some mark showing that postage has been paid, but which has no postage stamp affixed. Special machines are now obtainable for impressing letters with franks (See **STAMPING MACHINES**).

FRAUD.—Fraud is a word of very wide signification, and is often used to denote any dishonest dealing, but in law it has come to mean, generally speaking, a false representation of facts, made with a full knowledge of its falsehood, or made recklessly without any belief in its truth, or not caring whether it is true or not, with the intention that such representation should be acted upon by the party who is defrauded, and actually inducing him to act upon it.

Fraud is always a good ground for seeking the

avoidance of a contract, although it does not of itself render the contract void. When a person has been induced to enter into a contract by reason of a fraudulent representation, he may either repudiate the contract or he may adopt it, but in the latter case he is entitled to sue for any damages which he may have sustained. It is, however, important that the person who has been defrauded should take action without undue delay, otherwise he will be considered to have waived his rights.

Any fraudulent statements which are made in writing as to a person's financial stability, and upon which another person acts to his own detriment, may give rise to an action for deceit (*q v*). Again, directors are liable for fraudulent statements contained in a prospectus inviting the public to apply for shares in a joint stock company, unless they are able to claim the protection accorded by the Companies (Consolidation) Act, 1908, which replaced the special provisions contained in the Directors' Liability Act, 1890.

Also a principal is liable for the fraud of his agent, if such fraud is connected with the ordinary conduct of the agency (*q v*).

Gifts and conveyances of property, whether of lands or chattels, are fraudulent if they are made for the purpose of delaying or defrauding creditors, and as such they are null and void against the creditors. This rule, however, does not extend to conveyances that are made for valuable consideration and *bona fide* to persons who have no notice of the fraud. But there may be circumstances in which fraud will be presumed from the very nature of the transactions.

As to fraudulent transactions in bankruptcy, see **FRAUDULENT PREFERENCE**.

FRAUD IN ACCOUNTS, THE DETECTION AND PREVENTION OF.—Fraud in accounts may be defined as errors of all kinds which have been made deliberately with a view to falsifying or misrepresenting the actual state of affairs. Usually, the object is to conceal the fact of misrepresentation, and the misrepresentation may relate to property, cash, or profits.

One common method in which falsification occurs is in connection with the valuation of stock at balancing periods. It may arise through the incompetence of the manager, *e.g.*, because of his inability to estimate the stock at its true worth, but more probably because he desires to carry forward a certain portion of a loss to the next trading period. Closely akin to this is the method of suppressing unpaid invoices of goods bought at the close of the trading period, resulting in the goods being taken into stock without the price being credited in the bought ledger, the ultimate result in both cases being an increase in the current year's profit.

These methods are sometimes adopted by managers whose commission or other remuneration is dependent upon the attainment of a certain standard rate of profit. In such circumstances, no employee whose remuneration is based upon results should be allowed, in any way, to have any effective control upon the book-keeping records, whether the basis of remuneration be a commission on sales, cash received, net profits, or otherwise. Where the employee is directly interested in the financial results of a business, there should be instituted an effective system of internal check (*q v*) under the control of some person entirely independent of the employee.

A similar form of fraud may occur in connection with cost or contract accounts where plant and materials from one contract, are returned and credited to another contract, or to work-in-progress, at a higher figure than is warranted, this procedure resulting in the contract showing additional profit to the extent of the excess value of the plant and materials in question. This kind of falsification is most difficult to detect and trace, in many cases the entries are based on statistical records quite apart from the financial books, but it emphasises the fact that these statistical records require the same systematic care and accuracy as the financial records.

Two other diverse types of fraud are (1) the possibility of a vendor overstating the profits of a business which he wishes to sell, and (2) the possibility of an intending purchaser, who has charge of the books of a business, understating the profits so as to enable him to purchase that business at a lower figure than its true value.

The remedy in each of these cases is for the accounts to be thoroughly investigated by an independent accountant. Further, as regards the second case, it is an obvious precaution that the proprietor of a business should not sell that business on the basis of accounts prepared by or on behalf of an intending purchaser.

Other forms of fraud may consist of the misappropriation of money either by the suppression of receipts or by the creation of fictitious payments. Unfortunately, an exhaustive check upon all receipts and payments is not always an effective safeguard. Where, however, an adequate system of internal check is in operation, together with an efficient system of double entry book-keeping, the omission to account for all cash received can rarely become serious without prompt detection. For example, if the sales ledger accounts are regularly balanced and checked by the sales ledger staff, the cash books being dealt with separately by an independent staff, there should be but little risk of any considerable misappropriations.

The greatest safeguard is an effective system of internal check, and it should be the duty of the secretary, the managing director, or the principal of a private firm (as the case may be) to devote, personally, sufficient time for the establishment of a complete system of check throughout all departments. If, however, books are kept by single entry, there is, of course, much greater risk that omissions to account for money received may remain undetected. Obviously, it is not possible under such circumstances to balance the ledgers, either separately or collectively, hence it may easily be possible for customers' accounts to be credited with "cash received" without that cash appearing in the cash book.

Misappropriation by means of fictitious payments relates more particularly to bought ledger payments. With this ledger it should be made a definite rule that all payments (excepting, of course, petty cash payments), should be made by cheque, payable to "order" and crossed "not negotiable." Where the payee's banker is known, the cheque should be specially crossed to that banker. The object of these precautions is to ensure—as far as possible—that the cheque shall be cashed only by the person entitled to it. For this reason, "open" or "bearer" cheques should not be drawn without a full and satisfactory explanation being obtained.

The person signing the cheques should be made

responsible that the account is properly due for payment and that it has been properly vouched. In this connection, it is desirable that the statements of account should be systematically examined and vouched by at least two persons before being passed for payment, one person being responsible for the arithmetical accuracy of the account, and another for seeing that the goods have been received or the services satisfactorily rendered. In the same manner as with the sales ledger, the bought ledger staff should not be allowed to make any entries in the cash book. Separate clerks should be responsible for the entries in the cash books, journals, and bought ledgers respectively, and each clerk should be made personally responsible for the accuracy of the entries in the particular book in his charge. For petty cash payments the imprest system should always be used, and a separate voucher, signed by a manager or other senior assistant, should be obtained for every payment. These vouchers should be systematically and regularly examined.

With regard to the misappropriation of stock, materials, or loose tools, where it is possible to keep detailed stock accounts recording both inward and outward deliveries this should be done. As a general rule, this is a fairly common practice for valuable and bulky goods, but where the stock consists of numerous small articles, it is rarely met with. In the absence of detailed stock records there should be frequent careful inspections at intervals by the managers of the respective departments, and a careful watch should be maintained upon any variation in the percentage of gross profit shown in the periodical trading accounts. Moreover, the head of each department should be made responsible for the maintenance of a certain percentage of the gross profit.

A further point for consideration is the question of secret reserves (*q.v.*). It is a recognised custom with sound business undertakings to overestimate certain classes of expenditure with a view to creating secret reserves in case of need, when it is perfectly legitimate to fall back on that reserve. Secret reserves may be created by excessive depreciation of certain assets, undervaluation or omission of assets, or making excessive reserves for bad debts, discounts, and charging capital expenditure to revenue, etc.

The danger point in this connection is the risk that improper use may be made of the secret reserve with the object of causing wide fluctuations in the company's shares. Shareholders may, in such circumstances, sell their shares under a mistaken view as to their real value and thus receive a lower price than the real value whilst the directors, by their inside knowledge of the company's affairs, are able to make large profits by dealing in the company's shares. This practice would undoubtedly be regarded as fraudulent.

FRAUDS, STATUTE OF.—The Statute of Frauds (29 Car. 2, c. 3), which was passed in 1677, still remains one of the keystones of English law, and a great practical protection of the citizen against bogus or vexatious or fraudulent actions at law. This protection it affords by requiring certain transactions to be put into writing, and by providing that in certain other cases an action cannot be brought to enforce a promise or contract unless the terms of the alleged contract are evidenced by some adequate written document.

The other class demands more detailed treatment. By Section 4 of the Act it is provided that—

“No action shall be brought (1) whereby to

charge any executor or administrator upon any special promise to answer damages out of his own estate, or

“(2) whereby to charge the defendant upon any special promise to answer for the debt, default, or miscarriage of another person, or

“(3) to charge any person upon any agreement made in consideration of marriage, or

“(4) upon any contract or sale of lands, tenements, or hereditaments, or any interest in or concerning them; or

“(5) upon any agreement that is not to be performed within the space of one year from the making thereof: unless the agreement upon which such action shall be brought, or some memorandum or note thereof, shall be in writing, and signed by the party to be charged therewith, or some other person thereunto by him lawfully authorised.”

(Subsection 4 is now repealed and substantially re-enacted by the Law of Property Act, 1925.)

It will be observed that the presence or absence of writing does not affect the validity of the contract in question, all that the Section provides is that a party shall not have the assistance of the courts of law to enforce his rights in any one of these particular contracts, unless he has obtained, before action is brought, such a memorandum or note in writing, signed by or on behalf of the other party, as satisfies the requirements of the statute.

Of the five special contracts named in the Section, only Nos (2) and (5) really come within the range of mercantile transactions. Contracts of guarantee or suretyship are fully treated under the heading **GUARANTEE** (*q.v.*), and there only remains the contract extending over a year to be dealt with in this article.

As regards contracts of this nature, the statute applies only where the contract clearly shows that the parties contemplated that its performance should extend over a longer period than one year, if it is possible that the contract may be performed within the year by both parties, though, in fact, it is not so performed, the statute does not apply. On the other hand, the mere fact that a contract, which contemplates that its performance will extend over a longer period than a year, may be terminated, or is, in fact, terminated during the year, does not prevent the application of the statute. The question whether the statute applies or not is often raised in connection with contracts of service (as to these, see **MASTER AND SERVANT**), if the contract of service is for more than a year, or is for a year's service to commence at a future day, it must be evidenced by writing. For legal reasons which we need not here enter into, it has been held that a contract for a year's service to commence on the day after the day on which the agreement is made is not within the statute, and does not require to be in writing (see *Smith v. Gold Coast and Ashanti Explorers, Ltd.*, 1903, 1 K.B. 538). A hiring for an indefinite period, and a general hiring from year to year, are not within the statute. An agreement for employment for a period of two or more years, subject to six months' notice on either side during the period, is within the statute, and must be evidenced by writing (*Hanau v. Ehrlich*, 1912, A.C. 39).

The memorandum or note in writing required by the statute need not be made at the time the contract is entered into; it is sufficient if it is obtained at any time before the writ or summons is issued,

which commences the action brought to enforce the contract. No special form is required, and it need not be in the nature of an agreement, so long as it sets out the parties, either by name or sufficient description, the consideration (*q v*), the subject-matter, and the other terms of the contract, and bears the essential signature. If these elements are present in a document having no relation at all to the actual contract, or even denying its existence or repudiating it, that document may be used as evidence of the contract, in order to satisfy the statute. A recital in a deed or will, a receipt, an entry in a minute book, a telegram, an affidavit, a bill of exchange, a letter from the defendant to a third person, have all been held to be sufficient when they contained the necessary details. Two or more documents may be read together so as to make a memorandum; a common example of this is a letter and the envelope in which it was delivered, where the letter contains all the necessary matter but the name of the addressee, which may be supplied by the production of the envelope.

The signature may be in ink, in pencil, by means of a rubber or other stamp, by initials, and even a printed heading of the name of the party has been held a sufficient signature by him when the rest of the document was in his handwriting. The signature on the form of instructions for a telegram is sufficient and if a person unable to write makes a mark, or has his hand guided while he holds the pen, there is a signature that meets the requirement. The signature, however made, must be so placed as to show that it was intended to relate to and authenticate the whole document, and if it does this it does not matter whether it is placed at the foot, the top, or in the body of the document. The signature may be made by an agent, but in such a case the plaintiff must be in a position to prove that the agent had authority to sign.

The memorandum or note, or one of the documents constituting it, if it has to be read from several documents, may require to be stamped with a 6d. stamp (See AGREEMENT for the documents that are exempt from stamp duty).

Until the passing of the Sale of Goods Act, 1893, contracts for the sale of goods above the value of £10 had to comply with the requirements of Section 17 of the Statute of Frauds, but that Section was repealed and re-enacted by Section 4 of the later Act. (See SALE of Goods).

FRAUDULENT CONVEYANCE.—A voluntary conveyance which is made by a person who afterwards becomes bankrupt within a certain period of time after the execution of the conveyance. Any such voluntary conveyance made within two years of the bankruptcy is absolutely null and void, and if made within ten years of the bankruptcy it is also null and void, unless it is proved that at the time of the making of the conveyance the bankrupt was able to pay his debts in full without taking into consideration the property comprised in the conveyance.

FRAUDULENT DEBTORS.—The administration of the law of bankruptcy would be a matter of some difficulty, unless it were possible to visit the fraudulent debtor with pains and penalties.

By an Act passed in 1869—the Debtors Act (*q v*)—it was accordingly provided that any person adjudged a bankrupt is guilty of a misdemeanour, and on conviction may be imprisoned with hard labour in each of the following cases, unless he satisfies the court he had no intent to defraud—

(1) If he does not fully and truly discover to the trustee (in bankruptcy) all his property, and how, and to whom, and for what consideration, and when he disposed of any part thereof, except such part as has been disposed of in the ordinary way of his trade (if any) or laid out in the ordinary expense of his family;

(2) If he does not deliver up to the trustee property in his custody or under his control, and which he is required by law to deliver up;

(3) If he does not deliver up to such trustee, or as he directs, all books, etc., in his custody or under his control relating to his property or affairs;

(4) If after the presentation of a petition, or within four months next before that date, he conceals any part of his property to the value of £10 or upwards, or conceals any debt due to or from him;

(5) If he makes any material omission in any statement relating to his affairs.

The law has been strengthened in several respects against fraudulent debtors by the various Bankruptcy Acts, more particularly by the most important of them, namely, that of 1914, and a bankrupt also commits an offence if, after the presentation of a petition by or against him, or within four months next before such presentation, he fraudulently removes any part of his property of the value of £10 or upwards, or if, knowing or believing that a false debt has been proved by any person under the bankruptcy, he fails for a month to inform the trustee of the fact.

He also commits offences in the following cases, unless the court is satisfied that he had no intent to conceal the state of his affairs or to defeat the law—

(a) If after the presentation of a petition he prevents the production of any book, etc., affecting or relating to his property or affairs;

(b) If after the presentation of a petition, or within twelve months next before such presentation, he conceals, destroys, mutilates, or falsifies, or is privy to the concealment, destruction, etc., of any book or document affecting or relating to his property or affairs;

(c) If after petition by or against him, or within twelve months next before the date of the petition, he makes or is privy to the making of any false entry in any book or document affecting or relating to his property or affairs.

He also commits offences in the following cases—

(a) If after the presentation of a petition or within twelve months next before such presentation he fraudulently parts with, alters, or makes any omission, or is privy to the fraudulently parting with, altering, or making any omission in any document affecting or relating to his property or affairs;

(b) If after the presentation of a petition, or at any meeting of his creditors within twelve months next before such presentation, he attempts to account for any part of his property by fictitious losses or expenses;

(c) If within six months next before the presentation of a petition he, by any false representation or any other fraud, has obtained any property on credit and has not paid for the same;

(d) If he is guilty of any false representation or other fraud for the purpose of obtaining the consent of his creditors or any of them to any agreement with reference to his affairs or his bankruptcy.

If a debtor is a trader, he commits an offence (unless he satisfies the court that he had no intent to defraud) if within twelve months before the date of a petition he obtains under the false pretence of carrying on business and dealing in the ordinary way of his trade, any property on credit, and has not paid for the same; or if he pawns, pledges, or disposes, otherwise than in the ordinary way of his trade, of any property which he has obtained on credit and has not paid for, unless the court is satisfied that he had no intention to defraud. The person who takes such property in pawn knowing of the fraudulent intent, is now liable as a misdemeanant.

In relation to bankruptcy, it is also necessary to bear in mind the following offences—

If a man who is adjudged bankrupt, or in respect of whose estate a receiving order has been made, either after the presentation of a petition or within four months before that date quits England and takes with him or attempts to take any property to the amount of £20 or upwards, which ought by law to be divided among his creditors, he shall (unless the court is satisfied that he had no intent to defraud) be guilty of felony and punishable with one year's imprisonment. Again, where an undischarged bankrupt obtains credit to the extent of £10 or upwards, whether by himself or in conjunction with some other person, from any person without informing such person that he is an undischarged bankrupt, he is guilty of a misdemeanour.

There are other offences of which a debtor may be found guilty wholly apart from the law of bankruptcy. Thus it is an offence—

(a) if in incurring any debt or liability, a man obtains credit under false pretences, or by means of any other fraud,

(b) if he has with intent to defraud his creditors, or any of them, made or caused to be made any gift, delivery, or transfer of, or any charge on, his property,

(c) if he has with intent to defraud his creditors concealed or removed any part of his property since or within two months before the date of any unsatisfied judgment or order for payment of money obtained against him.

If a trustee in bankruptcy reports that a bankrupt has been guilty of an offence, the court, if satisfied on the representation of any creditor or member of the committee of inspection that the bankrupt is guilty, and that there is reasonable probability of a conviction, may order the trustee to prosecute. The court will not try the question whether the evidence is sufficient to induce a jury to find the prisoner guilty, but a prosecution will not be directed on mere suspicion. Where there is ground to believe that the bankrupt or any other person has been guilty of the offences above referred to, the court may commit him for trial, and may take depositions, and bind over witnesses to appear, admit the accused to bail, or otherwise. Where a debtor has been guilty of any criminal offence, he does not become exempt from prosecution by reason that he has obtained his discharge or that a composition or scheme of arrangement has been accepted or approved.

FRAUDULENT PREFERENCE (and see **UNDUE PREFERENCE**)—A "fraudulent preference" means payment made by a debtor to some one or more of his creditors with a view to putting him or them in a position of advantage compared with other

creditors. Thus, if a man who owed £1,000 to various creditors made over all his assets (say, £200) to one creditor to whom he owed that sum, there would be nothing left for other creditors. The law of bankruptcy, therefore, provides that every conveyance or transference of property, or charge thereon made, every payment made, every obligation incurred, and every judicial proceeding taken or suffered by any person unable to pay his debts as they become due from his own money, in favour of any creditor, or any person in trust for any creditor, with a view of giving such creditor a preference over the other creditors, shall, if the person making, taking, paying, or suffering the same is adjudged bankrupt on a bankruptcy petition presented within three months after the date of making or taking, paying, or suffering the same, be deemed fraudulent and void as against the trustee in the bankruptcy. The rights of any person making title in good faith and for valuable consideration through or under a creditor of the bankrupt are not, however, affected. A debtor making any conveyance or transfer of his property, which is void as a fraudulent preference, commits an act of bankruptcy (*q.v.*). It is essential (1) that the conveyance, etc., be by a person unable to pay his debts as they become due, (2) that it be made with a view to giving a creditor a preference over creditors.

It is sufficient, to constitute the statutory fraudulent preference, that the preferring the creditor was the substantial, effectual, or dominant view with which the debtor made the preference. The "preference" must be voluntary on the part of the debtor; for a payment under pressure is no preference, unless, indeed, the desire to prefer was the dominant view operating in the mind of the person who made the payment. A payment of trade bills by a person who knows himself to be insolvent, but who is continuing to carry on business, is not necessarily a fraudulent preference, the inference being that the payment was made to carry on his business. The following are not fraudulent preferences: Payments made—in pursuance of a precedent contract, in apprehension of legal proceedings, where the debtor honestly believes he is under legal obligation to pay, with a view to preventing a surety being called upon to pay.

That the object of the legislature is to prevent every kind of fraudulent preference appears from the provision that "to suffer a judicial proceeding" is to be guilty of a fraudulent preference. The *onus* of proving that a transaction is a fraudulent preference lies on the trustee in bankruptcy; and it will not be sufficient to show that the debtor was insolvent, he must give some evidence of a desire to prefer on the part of a debtor. In calculating the period of three months, the day of presentation of the petition is to be excluded. The fact that an undue preference is given to a creditor is ground for refusing the discharge. An undue preference is wider than a fraudulent preference. To pay a creditor in full, although he was likely to be a preferred creditor, would be to show him undue preference.

FREE ALONGSIDE SHIP.—This is a commercial phrase indicating that goods are sold, including free delivery, alongside the ship. The cost of placing the goods on board the ship must be borne by the purchaser.

FREBENCH.—This was the right of a widow to a life interest in the copyhold estates of her

deceased intestate husband under certain conditions. It corresponded in many respects to dower and was abolished by the Law of Property Act, 1925. (See DOWER, INTESTACY)

FREE DELIVERED.—When goods are bought on "free delivered" terms the consignor is liable for all charges on the goods until they are delivered at the agreed destination. Sometimes limits are imposed with regard to cartage "outside the radius" at destination.

FREE ENTRY.—(See ENTRY for FREE GOODS)

FREHOLD PROPERTY.—Real property, according to English law, is deemed to be held from the Crown in return for theoretical services such as a free man could give to his lord. In actual practice freehold property is the nearest to absolute ownership as is possible under a system founded on feudal tenure. Formerly, there were three kinds of estate known as freehold, namely, fee simple, fee tail, and estate for life. By virtue of the Law of Property Act, 1925, legal estates in tail and for life have been abolished, and the only kind of legal freehold property now existing is the fee simple. The tenant in fee simple can dispose of it by conveyance during his lifetime or by demise by will. If he fails to make provision for the passing of his freehold estate on death it will pass, under the Administration of Estates Act, 1925, to the administrator who will hold it in trust for sale and administer it according to the provisions laid down in the Act. (See ADMINISTRATION OF ASSETS)

FREE LIMITS.—(See LIFE ASSURANCE)

FREE OF ALL AVERAGE (F.A.A.).—This expression, used in connection with a policy of Marine insurance, implies that underwriters are free of all claims in respect of partial (or "average") losses, *i.e.*, general and/or particular average. In effect, such insurances are against the risks of total and/or constructive total loss. "Honour" policies are frequently expressed to be "free of all average" (See AVERAGE CLAUSE IN INSURANCE)

FREE OF CAPTURE AND SEIZURE.—The body of the ordinary Marine insurance policy indicates that the cover afforded is against marine and war risks. Nowadays, it is the practice to consider war perils for premium purposes quite apart from marine risks. Therefore, standard policies (Lloyd's and Companies) are issued with the following clause superimposed, *viz.*—

"Warranted free of capture, seizure, arrest, restraint, or detention, and the consequences thereof or of any attempt thereat (piracy excepted), and also from all consequences of hostilities or warlike operations whether before or after declaration of war"

The effect of this clause is to nullify the effect of the enumeration of the following perils in the standard form: men-of-war; enemies; surprisals, takings at sea; arrests, restraints and detentions of all kings, princes, and people, of what nation, condition or quality soever. If it be desired to include war perils again, then the F C and S clause is deleted, and the policy expressed to cover only or also the risks excluded by the clause. In such event, the Frustration Clause (*q.v.*) is incorporated into the policy.

The clause has been productive of much litigation to determine exactly what is and what is not excluded by its use. In *Cory v Burr*, 1883, where a ship was seized by the Spanish authorities because the captain was engaged in smuggling on his own

account, and was released only on payment of a fine by the shipowners, the loss was held to be by seizure, not by barratry. If a vessel be captured and subsequently lost by sea perils, as concerns the policy the loss is by war perils, events subsequent to the capture being *ultra vires*. In *Kellner v Mesurier*, 1803, it was held that the risks of British capture cannot legally be insured under a British policy, and it is immaterial whether the event occur before or after the outbreak of hostilities.

The first schedule to the Marine Insurance Act, 1906, Rules for Construction of Policy (10) states "The term 'arrests, etc., of kings, princes, and peoples' refers to political or executive acts, and does not include a loss caused by not or by ordinary judicial process." If goods cannot be landed owing to a local prohibition, this is a loss by "restraint." Many recent cases have dealt with the question as to what constitutes a "warlike operation." Mere sailing under convoy is insufficient, but a vessel carrying troops or munitions of war in time of hostilities is so engaged. The loss is, therefore, by war perils if she comes into collision with her convoy, even if she herself has been negligent, as long as the negligence is only contributory.

It would appear that where the collision clause (*q.v.*) and the F C and S clause both appear in a policy, that the latter does not have effect to relieve underwriters from paying under the R D C their proportion of any payment by the insured ship in respect of damage done, even when as regards damage received the loss has been held to be consequent on a "warlike operation."

FREE OF DAMAGE.—Marine insurances are frequently effected free of claim for partial loss and damage. There is in existence a set of Institute clauses for the insurance of the hulls of vessels free of damage absolutely. Although such policies provide that no claim is to be admitted in respect of partial loss or damage, the cover is not quite so restricted as *f.a.a.* (free of all average, *q.v.*). Thus the *f.o.d.* abs clauses provide that general average contributions and salvage charges are to be paid, subject to certain restrictions, and the cover offered also includes the Collision clause (*q.v.*)

FREE OF INCOME TAX.—(See INCOME TAX)

FREE OF KNOWN CASUALTY (or "Free of Reported Casualty.")—It may happen that a merchant desires to effect marine insurance on an adventure known to have been in distress. As the normal policy is effected "lost or not lost" (*q.v.*), in such circumstances the insurance may be effected "free of known casualty," *i.e.*, the insurer takes over the onus of losses subsequently reported. Such insurances are usually "free of particular average." As long as insurer and insured are in a similar state of knowledge or ignorance, *f.r.c.* insurances are quite valid.

FREE OF PARTICULAR AVERAGE (F.P.A.).—It is but rarely that a policy of marine insurance is effected entirely free of claims in respect of particular average, *i.e.*, partial loss by a peril insured against that is not general average. *F.p.a.* policies are usually only comparatively free of particular average, for generally the exclusion is nullified on the occurrence of some contingency, *e.g.*, the vessel being stranded, sunk, burnt, or in collision. Cargo insured *f.p.a.* is usually covered under the Institute Cargo clauses (*f.p.a.*) (*q.v.*). (See also MEMORANDUM)

FREE OF PARTICULAR AVERAGE ABSOLUTELY.—A standard set of clauses for the insurance of the hulls of vessels bears this title. The vital provision of the clauses is as follows—

"Warranted free from particular average absolutely, and from claims for General Average damage to Hull, but, notwithstanding anything herein to the contrary, steamer's proportion of General Average shall be payable when same arises in respect of loss of or damage to equipment, hawsepipes, machinery, boilers, donkey boilers, winches, cranes, windlasses, steering gear (rudder excepted), electric light installation, refrigerating machinery, insulation, masts, spars, anchors, chains, ropes, sails, boats, and the connections of any of the foregoing, also in respect of any damage to the steamer or her equipment caused in extinguishing fire, or by contact with other vessels in salvage operations."

FREE OF PARTICULAR AVERAGE UNLESS CAUSED BY (F.P.A.U.C.B.).—In normal English practice, the operation of any contingency contained in any f.p.a. clause entirely nullifies the application of the franchise (*q.v.*) In the United States of America, however, average is paid irrespective of percentage only if caused by one of the enumerated contingencies. Insurances f.p.a.u.c.b. are sometimes effected in this country, but are not frequently encountered.

FREE OF PARTICULAR AVERAGE WARRANTY.—An expression often used to designate the memorandum (*q.v.*) in the ordinary form of marine insurance policy.

FREE OF REPORTED CASUALTY.—(See **FREE OF KNOWN CASUALTY**.)

FREE ON BOARD.—This term signifies that the vendor of the goods puts them on board ship free of all charges to the purchaser.

FREE ON BOARD AND TRIMMED.—This is a phrase used in the coal trade. Sales of bunker coal are usually made "f.o.b. and trimmed," which means that the coal shall be properly stowed after being put on board.

FREE ON RAIL.—A quotation covering the price of the goods and all charges thereon until placed in the trucks at the railway station named.

FREE OVERSIDE.—When goods are sold "free overside," the responsibility of the seller ceases as soon as the goods leave the slings overside the ship, and in such a case the buyer must provide his own barge or vessel in which to receive them.

FREE PORT.—Any port in which no export or import duties are levied. This is the proper meaning of the term, but it is also applied to certain Chinese ports which are equally open to all nations for purposes of trade, irrespective of any duties which are charged.

FREE TRADE.—The abolition of the Corn Laws in 1846 was a striking climax to a movement in the direction of what its friends call "the removal of interference," or the "liberty" of the subject; and what its opponents call "Anarchy plus the constable." It marked the triumph of the "obvious and simple system of natural liberty," when all systems of preference and restraint were taken away, so that each man could pursue his own interest in his own way, and bring both his industry and his capital into competition with those of any other man or order of men. This is, indeed, the meaning that must be attached to the expression "Free Trade." It implies not absolutely uncontrolled traffic, but (1) a removal of all artificial

restrictions on any particular industry, (2) the abolition of bounties, or other artificial encouragements to industry, (3) the adoption of a tariff for revenue purposes solely, and, consequently, (4) where customs duties are levied, the imposition of equivalent excise duties. The essence of the policy is equality and uniformity in the financial treatment of all produce of the same kind, whether home, colonial, or foreign. The arguments which, aided by the circumstances of the time—"Famine itself joined the Anti-Corn Law League"—ultimately succeeded in persuading our legislature to adopt Free Trade as a principle were—

1. Protection diverts industry from more to less advantageous employment. Freedom from restraint is calculated to give the best direction to the capital and industry of the country. Protection always involves a loss. If manufactured goods are, owing to prohibition or restriction of foreign products, produced at home when they could be more cheaply imported from abroad, we lose the difference between what we should have paid and what we are now obliged to pay. The difference goes to the home producer to compensate him for producing under less favourable conditions than those of his foreign rival. For, unless he has a monopoly against his countrymen, he will not be enabled to retain exceptional profits. If agricultural produce must pay custom, we pay dearer for our food. The difference is, partly, indemnity for loss to those who produce the amount of corn formerly imported; for this last increment will be produced in the least advantageous circumstances, and the cost of production of this portion regulates the price of the whole supply. But the increased price is mainly payment to the landlords in increased rents. The freest import of wheat certainly assures abundance and cheapness, while trade is undisturbed. That country is most steadily as well as most abundantly supplied with food which draws its supplies from the largest surface.

Free Trade considers the consumer, Protection regards primarily the producer. Cheapness of supplies is the aim of the one, abundance of employment is the object of the other. The freest importation of goods, says the Free Trader, will not affect the industry of a country. It will only decide in what direction it shall be applied, for the imports must be paid for, and the payments must be by exports. The labour and capital might, owing to foreign competition, have to be diverted to "something else," but this would speedily happen. New occupations would be found, and the former supplies would be obtained by less labour, or larger supplies by the same labour. The assumption here is, of course, the perfect mobility of capital and labour; but a man is, of all sorts of baggage, the most difficult to be transported. A workman with a highly specialised training will find it difficult to find corresponding trades for the exercise of his skill. The transference will, no doubt, be effected after a longer or shorter interval, but the period of transition may be one of great hardship.

The very fact that an industry must be protected means that it involves an uneconomic application of labour and capital. Though it might be possible to grow grapes in Scotland and even to make some tolerable wine from them, it will be much cheaper to import the grapes and wine from France, and the quality of both will be higher. There is manifest absurdity in attempting to divert capital and

labour to the production of home-made wine. Remove Protection, and there is a saving all round: the return previously was so much wheat for so much labour employed on the field; the return is now more wheat for the same labour employed in the cotton factory or the iron works. This argument, says he who advocates the fostering of varied industries, has reference to the moment only, a temporary loss may well be compensated by a far greater permanent benefit. The advantages that one country has over another in the production of a certain article may not be natural, but due simply to the start obtained. A trifling sacrifice in the present owing to increased prices may result in the establishing of a flourishing industry, able after a while to produce more cheaply than the foreigner. The loss of present enjoyment is more than balanced by the gain in productive power. Indeed, John Stuart Mill gave the sanction of his great authority to this "infant industries argument." "Protective duties can be defensible, on mere grounds of political economy, when they are imposed temporarily (especially in a young and rising nation) in hopes of naturalising a foreign industry in itself perfectly suitable to the circumstances. The superiority of one country over another in a branch of industry often arises only from its having begun sooner. A country which has this skill and experience to acquire may, in other respects, be better adapted to the production than those earlier in the field."

Our self-governing Dominions have acted according to this reasoning, and though their infant industries ought now to have reached maturity, the protection deemed needful for them when young and tender is not taken away. Few may be really benefited by the protective duties, but many imagine that they are, and both parties unite in opposition when removal is mooted. Moreover, it is only to be expected that the State, with its ever-present want of money, will be little anxious to abolish the only taxes which have zealous and enthusiastic defenders.

A variation of the "infant industries" argument has recently, however, been much in vogue. A country advanced in civilisation, where the "standard of life" is high, must, if it is to continue to pay good wages, protect itself against the products of pauper labour abroad. We must, say the Americans, not only keep out immigrants, with a standard of life much lower than our own; but we must keep out their products too.

2. A second argument for Free Trade was that greater importation would lead to greater exportation, and wider markets would thus be obtained for our textiles and other goods. At the time, the enormous impetus of the mechanical inventions had given Britain a great start in the industrial race, and she possessed a partial monopoly of manufactures. The competition of a foreigner in the home market was undreamed of.

The nations of the world were to remain agricultural and depend on us for manufactures. The least restricted trade would be best if the hope and expectation had been realised; but times have changed. The great nations of the world have refused to confine their energies to the production of raw material and food-stuffs. They are no longer simply customers or even pupils to us, in manufactures. Their rivalry now is felt in neutral markets. And though British direction and skill may be, in the first instance, utilised, it is speedily

dispensed with, and the country becomes independent of us for the supply of that particular product. And with the increased facilities for transport now available, for transfer of both labour and capital, the tendency for the producer to place himself in the neighbourhood of the consumer will be strengthened.

The great object of the "Manchester School" was not so much cheap food as wide markets, but the markets are to-day seeking a portion of their supplies elsewhere. Even Japan and China, where Lancashire once had a monopoly of cottons, are becoming self-sufficing in respect of this commodity.

3. A third argument, or rather assertion, of Free Trade advocates was that if we adopted a policy of Free Trade, we should simply be taking a step that other nations would hasten to follow. "There will not be a tariff in Europe that will not be changed in less than five years to follow your example," said Cobden. As things have turned out, we are practically the single great Free Trade nation, having relations with a ring of Protectionist countries, and our exporters and manufacturers are obliged to consult not their own trade regulations alone, but the tariffs of all the countries with which they trade.

We must, in conclusion, however, state that in the past we have never pushed the policy of free imports to its logical conclusion. We have not thrown open our ports to all goods without restriction. We have always maintained Customs for revenue purposes, and at present Customs contribute over one-fifth of the revenue of the country. But our Free Trade system aimed at putting all producers on exactly the same footing; and when foreign goods were taxed, an equivalent excise duty was laid on the same or similar home products. In practice, some small protection might be given to the producers of "substitutes", thus mineral water manufacturers may have a wider market through the imposition of Customs on foreign alcoholic drinks. But since the adoption of the Free Trade policy, no duty has been imposed with a view to handicapping the foreign producer in his conflict with the home producer. In typical British manner we arrogantly discard all helps, but, as the Patents Acts among others show, we are not slavish adherents to the principle of unlimited competition. Nor is it likely that any Protective system would ever be advocated to embrace the great bulk of articles that we can produce at home. Moderation may be trusted to operate in this direction, too.

FREIGHT—Freight, in the common acceptance of the term, means the price for the actual transportation of goods by sea from one place to another, but in its more extended sense it is applied to all rewards or compensation paid for the use of a ship, including the transportation of passengers. There is no loss of freight within a marine insurance policy, if, having been earned, the charterers are entitled to, and do, withhold it as a mulct or forfeit. But there is a loss of freight within a marine policy when the right to the mulct or forfeiture arises from the happening of one of the perils insured against. The contract for the conveyance of merchandise is in its nature an entire contract, and unless it is completely performed by the delivery of the goods at the place of destination, the merchant in general derives no benefit from the time and labour expended in a partial conveyance, and consequently is subject to no payment whatever,

although the ship may have been hired by the month or week. The cases in which a partial payment may be claimed are exceptions to the general rule founded upon principles of equity and justice, as applicable to particular circumstances. On the other hand, an interruption of the regular course of the voyage happening without the fault of the owner, does not deprive him of his freight, if the ship afterwards proceeds with the cargo to the place of destination, as in the case of capture and recapture, but although the delivery of the goods at the place of destination is in general necessary to entitle the owner to the freight, yet with respect to living animals, whether men or cattle, which may frequently die during the voyage, without any fault or neglect of the persons belonging to the ship, it is said that if there is no express agreement whether the freight is to be paid for the loading, or for the transporting them, freight shall be paid as well for the dead as for the living.

The right of the shipowner by English law to retain advance freight, notwithstanding the loss of the goods before the freight is earned, seems never to have been seriously doubted. There are two peculiarities of the English law as regards freight: first, that if part of the freight is advanced and the ship is lost, or the goods are lost, the part so advanced, although really not due under the terms of the contract unless there has been delivery of the goods, nevertheless cannot be recovered back by the charterer from the shipowner; and, secondly, that if there is no stipulation to the contrary, but only a stipulation that there shall be advance freight, it is payable at the moment of starting, and even if not paid can be recovered by the shipowner from the charterer upon the loss of the ship. The stipulation in a charter party, that freight shall be paid "subject to insurance," means merely that freight is to be paid subject to deduction for premiums on insurances, but not that insurance by the owner is a condition precedent to his recovery of freight. From the moment advance freight becomes payable, it cannot be insured by the shipowner. It is due at that moment, and the liability of the person from whom it is due does not depend upon whether or not the ship arrives at her destination or upon any vicissitude of the voyage, but the person who is liable to pay the advance freight can insure it. A difficulty has sometimes arisen in distinguishing in charter parties between advances of cash to meet ship's expenses and prepayment of freight. Where it is stipulated that the charterer shall provide cash for the ship's disbursements at the port of loading, the cash so provided is in the nature of a loan to the shipowner, and is repayable by him in any event. If the cargo arrives at its destination, these advances may be conveniently set against the freight, but the repayment does not depend upon the freight being earned. On the other hand, if freight is to be paid in advance, it can in no case be recovered. The difference between an advance and a payment of freight in advance affects the manner of insuring. The charterer is the proper person to insure advances of freight, since he is at risk in respect of them. Not so advances of cash irrespective of the freight, for these must be repaid in any event, and are, therefore, not at risk. If, then, the charter party shows that it is the intention of the parties that the merchant making the advances shall insure them, that is strong evidence to show that the advances are to be on account of freight.

When Payable. If the ship is disabled from com-

pleting her voyage, the shipowner may still entitle himself to the whole freight by forwarding the goods by some other means to the place of destination, but he has no right to any freight if they are not so forwarded, unless the forwarding them is dispensed with, or unless there is some new bargain upon the subject. If the shipowner will not forward them, the freighter is entitled to them without paying anything. The general property in the goods is in the freighter; the shipowner has no right to withhold the possession from him, unless he has either earned his freight, or is going to earn it. If no freight is earned, and he declines proceeding to earn any, the freighter has a right to possession. To entitle a shipowner, in the absence of a special contract, to demand *pro rata* freight, where the goods have been sold at an intermediate port (being so much damaged as not to be worth forwarding) it must be shown that the owner of the goods had an option of having them sent or of accepting them at such intermediate port. Actual delivery of the cargo is not necessary to entitle the shipowner to freight; if he is ready to deliver at the proper place, the freight is then due. When the freight is payable on delivery, the consignee should be ready to pay it at once, concurrently with the delivery of the goods. He cannot require the whole of the goods contained in the bill of lading to be discharged before making any payment. By the abandonment of a ship by its crew during a voyage, without any intention to retake possession, a right is given to the owner of cargo on board to treat the contract of affreightment as at an end.

Manner of Calculating Freight. The bill of lading or the charter party generally states the rate at which the freight is to be paid, but if it does not, and the contract shows that freight is to be paid, it must be calculated at the ordinary rates ruling at the time the shipment was made. Goods shipped from abroad, and consigned to a merchant in this country, are to be paid for (upon a demand for freight) according to their net weight, and not according to the weights expressed in the bill of lading, unless there is a special contract so to pay for them. In the absence of an agreement, or of a uniform custom of trade to the contrary, the rule is that, if the weights or measurements at the loading port and the port of delivery differ, the *lowest* weight or measurement is to be taken in calculating the freight. So that if the cargo has swelled on the voyage, the freight is payable on the quantity as shipped, while if it has wasted, as by drainage or evaporation, the quantity to be taken is that on delivery. The rule as to measurement may be controlled by an established uniform usage in the particular trade. If the freight is expressly to be paid upon the quantity as stated in the bill of lading, it is not open to either party, in the absence of fraud, to vary the amount by showing that the statement was not correct. Sometimes an option is given to the consignee to pay freight on the bill of lading quantity or on the weight delivered. If the consignee, to get his goods delivered to him, pays more than the net weight amounts to, he may recover back the surplus.

Mode of Payment. The freight is payable in cash, and should be paid in the currency of the place of payment, without deduction, unless the contract provides otherwise. Agreements for the payment of freight, like other mercantile contracts, may be explained by usage. Where there is a charter party

covenanting for payment of freight on a right and true delivery of the goods at a foreign port, the freighter is not discharged by the master there taking from the freighter's agent, who was furnished with funds to pay him the freight, a bill of exchange upon a third person, by whom it is accepted, if the bill is not duly honoured, although the agent fails with the amount of the freight in his hands, unless the master had the offer of a cash payment, and preferred the bill for his own convenience. A consignee of goods, or an indorsee of a bill of lading, has no right to have the value of missing goods deducted from the freight payable in respect of the goods delivered, but the consignee may counter-claim for the damages. It is, however, sometimes expressly agreed that claims shall be deducted.

Payable to Whom. The freight is payable, primarily, to the person with whom the contract was made, that is, generally, to the person who owned the ship at the time of contracting, but the ship may have been since sold, or assigned, or mortgaged, or its freight may have been sold or assigned; if in doubt, the consignee of the goods can interplead, and so avoid the difficulty of deciding between the claimants. Usually the master represents the owner, and payment of freight to him when due is effectual as against a claim by the owner, unless made after notice from the owner not to pay to him. The master of a ship has no claim on the accruing freight, either for his wages or for moneys disbursed by him for the use of the ship. He has no charge upon the freight for those claims such as to entitle him to possession of it, though he has a maritime lien for them which is enforceable against the ship and freight by legal process. Where a ship has been sold after the contract of carriage has been made, the right to the freight passes to the purchaser. Where the ship is mortgaged only, the mortgagee does not thereby acquire the right to accruing freight, unless he also takes possession of the ship. A mortgagee of a ship is not entitled to unpaid freight of previous voyages which became due prior to the date of his taking possession of the ship. The freight may be assigned separately from the ship, before it has been earned, or even contracted for, and the freighter cannot safely pay it to the shipowner after receiving notice of the assignment.

Payable by Whom. The person primarily liable for freight is the freighter or shipper. The actual shipper is liable, although he is, in fact, acting only as agent for another, unless he made it clear that he shipped for his principal. If the shipowner or master has notice that delivery is being taken on behalf of someone else than the actual receiver, the mere receipt of the goods is not sufficient to imply that the receiver promises to pay the freight personally. The shipowner may, however, lose his right of recourse to the shipper by giving credit to the consignee. Where the master, for example, instead of requiring payment of the freight in cash, takes a bill of exchange from the consignee, for his own convenience, when he might have got cash, the shipper will be discharged from further liability. A person who presents a bill of lading, and takes delivery of the goods under it, may become liable to pay the freight, but the question is one of fact in each case. A promise will generally be inferred, where nothing has been done to qualify the effect of the receipt, but it is not implied as a matter of law. The Bills of Lading Act, 1855, imposes upon the consignee or indorsee of the bill of lading the

liability to pay freight, if the property in the goods has passed to him; but where the bill of lading represents that the freight, or some part of it, has been paid, the shipowner cannot, as against an assignee of the goods, who has given value for them on the faith of that representation, assert afterwards that it has not been paid. He cannot sue the assignee for that freight or set up a lien for it as against him. The charterer is liable for the charter party freight, unless the contrary is clearly expressed. If the charterer assigns the benefit of the charter, the liability of the original charterer depends upon whether or not the shipowner has accepted the assignee as the contracting party in his place.

A clause is often inserted in charter parties known as a cesser clause, to the effect that the charterer's liability for the payment of freight, and other subsequent performance of the charter party, shall cease when the cargo has been shipped, and that the shipowner shall look to the shippers or owners of the cargo, enforcing it by means of a lien expressly given to the shipowner. Notwithstanding that a charter party provides that the liabilities of the charterer are to cease on the vessel being loaded, "the master and owner having a lien on the cargo for all freight and demurrage under this charter party," the liability of the charterer to pay the charter party freight will continue after the vessel is loaded, if the charter party enables bills of lading to be presented in such a form as to make the owner's lien not commensurate with the liability which is to cease.

Lien for Freight. The shipowner generally has a right to retain the goods in his possession until the freight upon them has been paid. This right is termed a lien. It does not give the shipowner any property in the goods, so that he cannot sell them, even though the retention of them may be attended with expense. This right avails against the true owner of the goods, although he may not be the person liable for the freight or other charges. The right to lien for freight is confined to the freight payable on the particular shipment of goods. A shipowner cannot retain the goods for other freights due from their owner upon other transactions, unless an agreement to that effect has been made expressly, or unless such an agreement must be inferred from the course of business between the parties, or from a general usage in the trade. There cannot be a usage entitling a carrier to retain goods as against consignees to whom they belong, for debts due to him from the shipper. A master who has delivered a portion of a cargo on payment of a sum of money on account of freight may detain the balance of the cargo for the balance of the freight. A shipowner may show an intention to give up his lien for freight where he agrees that the delivery of the cargo shall precede the payment of freight. The onus of showing that the shipowner has so contracted away his right of lien is on the merchant. The shipowner has no lien at common law for dead freight, but such a lien may be given by usage or express contract. If the shipowner takes a bill of exchange for the freight, payable at a future date, he will lose his lien; but the lien will revive if the bill is dishonoured before the goods have been delivered. A shipowner is not necessarily entitled to charge the consignee of goods with warehousing charges or other expenses he may have incurred in preserving his lien, but where a shipowner reasonably keeps cargo on board to preserve his lien for freight, etc., he may claim demurrage during the

detention, or time-freight where the ship is under a time-charter

FREIGHT ACCOUNT.—In consequence of this country's strong position as the world's financial centre, there persists a tendency for freight charges to be payable here. Thus, freight on export cargo is usually prepaid, but inward freight is frequently paid at destination. The amount of the freight is usually shown on the bill of lading, and when the sum has not been prepaid, shipowners issue freight accounts giving details of the ship and voyage, the weight of the goods, the rates of freight and primage, and the total sum due. Before making payment the account should be carefully checked as to rate, weight, and rate of exchange when conversion to sterling is entailed.

FREIGHT CALCULATIONS.—When goods are exported they are classed by the shipping company into one of five classes—1, 2, 3, 4, and Special—Class 1 being the highest rate of the first four and "Special" being a high or low rate, according to the nature or composition of the goods carried. A "special" rate is quoted for goods of a special or dangerous character, and they are taken only by special arrangement, which must be made before the goods are dispatched. Packages weighing over 40 cwt., and all rates quoted are per ton weight or measurement, ship's option, and all weight must be engaged in advance unless otherwise stated. Let us look at some of the rates quoted by the shipping companies, and afterwards we will pass to an easy method of working out freight calculations other than by rule of three. Here, then, is a list of a few goods as classed—

	Class.
Acids (on deck)	S.
Alum	4
Anchor (under 40 cwt)	2
Anvils	2
Artists' Colours	1
Asbestos	1
Asphalte	4
Axles	2
Bacon	2
Barrows	2
Basketware	2
Bath Bricks	3
Bedsteads (Iron)	2
Beer	3
Belting	1
Bicycles	1
Billiard Tables	1
Blacking	2
Blue	2
Boats	2
Boilers (under 40 cwt)	2
Bolts and Nuts	2
Books	1
Boots and Shoes	1
Bottles (empty)	4
Brandy	1
Brassware	1
Brushware	2
Buckets	3
Butter	2
Calcoes	1
Caps	1
Carpets	1
Castings	2
Cement	S.
Chalk	4
Cheese	2

	Class
Chemical Products (not dangerous)	1
Cigars	1
Cisterns (empty)	4
Clocks	1
Clothing	1
Coals	per agreement
Coke	S.
Confectionery	2
Cottons	1
Currants	2
Cutlery	1
Deals and Flooring Boards	S.
Dress Goods	1
Drugs	1
Dyes	1
Electro Plate	1
Embroidery	1
Engines (under 40 cwt)	2
Epsom Salts	2
Figs	2
Filters	2
Fish (Preserved)	2
Flannel	1
Floor Cloth	2
Flour	2
Furs	1
Feeding Bottles	2
Gas Fittings	2
Ginger	2
Gloves	1
Glue	2
Granite, rough (under 40 cwt)	4
Grindstones	2
Gunpowder	S.
Guns	1
Haberdashery	1
Hams	2
Hats	1
Hollow-ware (in crates)	2
Horseshoes	2
Hosiery	1
Ink	2
Iron Gates	2
„ Hoops	4
„ Sheets	S.
„ (packed)	2
Jams	2
Jewellery	S.
Lace	1
Lard	2
Lime, common (in casks)	4
Linen	1
Looking and Toilet Glasses	1
Machinery (under 40 cwt.)	2
Manure	2
Marble, rough	2
Mats and Matting	1
Medicine	1
Millinery	1
Mirrors	1
Musical Instruments	1
Mustard	2
Nails, iron and steel	3
Nutmegs	2
Nuts	2
Oatmeal	2
Oil (not mineral)	1
Oil (Mineral), flash not below 200° Fah open test	1
Paints in Oil	1
Paperhangings	2
Peas	2

	<i>Class.</i>		<i>Class</i>
Pepper	2	Wire Netting	3
Perambulators	2	Woollens	1
Perfumery	1	Works of Art	1
Pianofortes	S.	Writing Cases	1
Pickaxes	2	Zinc	2
Pickles	2		
Pitch	3		
Plants (on deck)	1		
Ploughs	2		
Potatoes	2		
Prints	1		
Pulleys	2		
Pumps	2		
Putty	2		
Quilts	1		
Quinine	S.		
Raisins	2		
Reaping Machines (under 40 cwt)	2		
Resin	3		
Ribbons	1		
Rice, in bags, per 20 cwt	2		
Rope	2		
Rugs, Carpet	1		
„ Seal	1		
Saddlery	1		
Sago	2		
Salad Oil	1		
Sardines	2		
Scales	2		
Screws	2		
Seeds	2		
Shirts	1		
Silks	1		
Soap, common	S		
„ fancy	2		
Spades and Shovels	4		
Sponges	1		
Stationery	1		
Steel, bars and sheets loose or in bundles	4		
„ packed	2		
Stoves	2		
String	2		
Sugar	2		
Surgical Instruments	1		
Tar	2		
Tea	1		
Tents	2		
Timber, not exceeding 15 ft or 6 in. in diameter	2		
Tinware, in crates	4		
Tools	2		
Toys	2		
Treacle	2		
Tricycles	1		
Tubes (wrought iron or steel)	2		
„ (cast iron)	4		
Umbrellas	1		
Varnish	1		
Vegetables	2		
Velvet	1		
Vices	2		
Vinegar	2		
Watches	S.		
Waterproofs (not Oilskins)	1		
Wax	2		
Weighing Machines	2		
Wheat, in bags, per 20 cwt.	4		
Whisky	1		
Whiting	4		
Wines	1		
Wire, Iron and Steel	S.		
„ Brass and Copper	1		

This list does not by any means exhaust the different goods which may from time to time be shipped. The manifest of a large steamer may be made up of goods of which none are enumerated above, viz., Lead Ingots, Dry White Lead, Acetic Acid, Vaseline, empty Barrels, Corn, Insulating Material, Lubricating Grease, Sandpaper, Skewers, Wood Rules, Slates, Rags, Cotton-seed Oil, Canned Tongues, Apples, Scrap Rubber, Cotton Waste, Iron Girders, Glucose, Skates, Hay, Wagon parts, Fire Extinguishers, Padlocks, Cotton Sweepings, etc. For any goods, then, for which a rate of freight is desired, a shipping company is always pleased to quote. The rate of freight known, we will proceed to check or work out a freight account. Let us take the rate of 40s per 40 cub. ft. or per ton weight. This reduced gives us 1s per cub. ft. or 2s. per cwt., and we will make these two our units for measurement and weight respectively. A short list is then necessary with the different rates for different ports shown in agreement with the above method, as follows—

<i>Per 40 cub. ft. or ton weight.</i>	<i>per cub. foot.</i>	<i>per cwt</i>
60/-	=	1/6 or 3/-
55/-	=	1/4 1/2 " 2/9
52/6	=	1/3 3/4 " 2/7 1/2
50/-	=	1/3 " 2/6
47/6	=	1/2 1/2 " 2/4 1/2
45/-	=	1/1 1/2 " 2/3
42/6	=	1/0 3/4 " 2/1 1/2
40/-	=	1/- " 2/-
37/6	=	-11 1/2 " 1/10 1/2
35/-	=	-10 1/2 " 1/9
32/6	=	-9 1/2 " 1/7 1/2
30/-	=	-9 " 1/6
27/6	=	-8 1/2 " 1/4 1/2
25/-	=	-7 1/2 " 1/3
22/6	=	-6 3/4 " 1/1 1/2
20/-	=	-6 " 1/-
17/6	=	-5 1/2 " -10 1/2
15/-	=	-4 1/2 " -9
12/6	=	-3 3/4 " -7 1/2
10/-	=	-3 " -6
7/6	=	-2 1/2 " -4 1/2
5/-	=	-1 1/2 " -3

With this list before us, we shall, after a little practice, be able to calculate quickly and correctly any given sum in a freight account. More than this, we shall, after a few days' or a few weeks' practice, according to the frequency of arrival of the freight accounts, be able to calculate almost every item by mental arithmetic. We will take, as an example, 398'11 (398 cub ft and eleven-twelfths) at 52/6. Instead of arriving at the result by rule of three— if it costs 52/6 for 40 cub. ft., how much will it cost for 398'11 ?—we put down in the first place—

398'11 at 40/-	=	398'11
398'11 at 10/- = 1/4 of 40/-	=	99' 9
398'11 at 2/6 = 1/4 of 10/-	=	24'11

$$523' 7 = \underline{\underline{526 \quad 3 \quad 7}}$$

or

$$\begin{array}{rcl}
 398'11 \text{ at } 1/- & = & 398 \ 11 \\
 398'11 \text{ at } -3/4 & = & \frac{1}{4} \text{ of } 1/- = 99 \ 9 \\
 398'11 \text{ at } -1/4 & = & \frac{1}{4} \text{ of } -3/4 = 24 \ 11 \\
 \hline
 523 \cdot 7 & = & \underline{\underline{\pounds 26 \ 3 \ 7}}
 \end{array}$$

Let us take another example—
575'9 at 27/6.

$$\begin{array}{rcl}
 20/- = \frac{1}{2} \text{ of } 40/- & = & 287 \ 10 \\
 5/- = \frac{1}{4} \text{ of } 20/- & = & 72 \ 0 \\
 2/6 = \frac{1}{2} \text{ of } 5/- & = & 36 \ 0 \\
 \hline
 395 \ 10 & = & \underline{\underline{\pounds 19 \ 15 \ 10}}
 \end{array}$$

or 27/6 = $-8\frac{1}{2}$ per cub. foot.

$$\begin{array}{rcl}
 -8 = \frac{1}{2} \text{ of } 1/- & = & 287 \ 10 \\
 -2 = \frac{1}{4} \text{ of } -8 & = & 96 \ 0 \\
 -\frac{1}{2} = \frac{1}{2} \text{ of } -2 & = & 12 \ 0 \\
 \hline
 395 \ 10 & = & \underline{\underline{\pounds 19 \ 15 \ 10}}
 \end{array}$$

Now we will try a "weight" calculation—

Tons.	cwts.	qrs.	lbs.	
16	16	2	21	at say, 25/- per ton.
= 336 cwts. at 1/3				336·0
				84·0
2 qrs.	=	$\frac{1}{2}$ of 1/3		·7
14 lbs.	=	$\frac{1}{4}$ of 1/3		·2
7 lbs.	=	$\frac{1}{8}$ of 14 lbs.		·1
				420 10 = $\underline{\underline{\pounds 21 \ 0 \ 10}}$

and also a second one—

Tons.	cwts.	qrs.	lbs.	
47	19	3	21	at 37/6 per ton
= 960 cwts at 1/10 $\frac{1}{4}$				960 0
				840·0
				1,800 0
less 7 lbs = $\frac{1}{16}$ of 1/10 $\frac{1}{4}$				·2
				1,799 10 = $\underline{\underline{\pounds 89 \ 19 \ 10}}$

By this simple method may freight calculations be checked and corrected. The whole of the freight accounts received from a shipowner by a merchant shipper, say, thirty different sets of accounts under different shipping marks and for different ports, representing, perhaps, the freight charged on goods of the approximate value of £10,000, can be checked in an hour to an hour and a half.

FREIGHT NOTE.—This is a statement sent out by a shipbroker to his customers, the shippers, showing what sums are due for freight upon the goods that have been shipped.

FREIGHT REBATE.—A percentage of freight money returned by shipowner to shippers. To ensure the loyalty of shippers to a particular line or group of lines, an arrangement is offered by which an agreed percentage of the freight paid during a given six months is returned to the respective shippers at the expiration of a further six months, provided they submit claims and certify that they have not, in the meantime, shipped any goods by lines outside the agreement. Thus, the amount of money held in jeopardy at any particular time may be considerable to a shipper, and the total amount thus retained by a shipowner may form a welcome addition to his floating balance at the bank.

Shipowners sometimes prefer the term "commission" to "rebate."

FREIGHT RELEASE.—This is an official document given by shipbrokers, or an indorsement by them on a bill of lading, authorising the officer in charge of the ship to give up possession of the goods, the freight upon them having been paid. A freight release is used when goods have been shipped "freight forward."

FREIGHT STOP.—In pursuance of his power of "lien" a shipowner sometimes places goods under a "stop for freight." This will be done by filling up a form requesting the dock authorities or other custodians to detain the goods (specified in detail) until advised that the amount of freight claimed thereon has been paid. According to the Merchant Shipping Act, 1894, the stop for freight must be delivered at the time of landing of the goods, and must state the precise amount of freight claimed.

When a stop for freight has been issued and noted at the dock or wharf office it will be impossible to collect the cargo under detention without getting a "removal of stop for freight," another formal document that neutralises the stop. This will be granted against payment of the freight or a suitable guarantee or deposit.

FRIENDLY SOCIETIES.—Within the United Kingdom it is permissible for persons to band themselves together for purposes of business, charity, education, pleasure, etc., in a variety of ways, some of which are regulated, and some even assisted, by the State. The simplest form of association is that of a club, whereby certain persons undertake to obey agreed rules with a view to furthering certain specific objects. Friendly societies originally started in this form, with the object of rendering assistance to members and their relations on the happening of certain events, such as birth, sickness, death, etc.

Legislation. Owing to the great popularity and growth of these institutions and to the large funds administered by them, it early became necessary to recognise and restrict them by statute, and the earliest Friendly Society Act was passed in 1793. Many amendments ensued, which were consolidated in the Act of 1875 and again in that of 1896. Friendly societies are now regulated by the Friendly Societies Act, 1896, as amended in 1908 and 1924.

Registration. Registration under the Friendly Societies Act is entirely voluntary and there thus arise at the present time two types of friendly society, namely, registered societies and unregistered societies.

Registered Societies. Registered societies, in return for certain privileges, undertake certain duties and submit to certain restrictions. It should be remembered, however, that in spite of regulations the Registrar cannot ensure good management of societies, and that the mere fact of registration affords no guarantee that a society is solvent or even honest. The Registrar merely records and publishes statistics and controls the working of the Acts.

Unregistered Societies. An unregistered society is really a club or partnership. If it desues the advantages of a stricter constitution and has at least seven members, it can register as a company, or, if preferred, as a friendly society. Once registration has taken place, however, conversion from a society to a company may be effected only in accordance with statutory provisions.

Special Privileges. A society registered under the Friendly Societies Act has the following special

privileges which are not available to an unregistered society—

(a) It can legally hold land and other property in the names of trustees, with special facilities for change of trustees and for legal proceedings in trustees' names

(b) It can recover its property if stolen, withheld, or misapplied, by simple proceedings in a police court, when the defendant may also be convicted and fined if necessary

(c) It has preference to other creditors in the case of the insolvency or death of its officers

(d) In the case of stock transferable at the Bank of England in the names of trustees, where a trustee's signature is not forthcoming owing to his being abroad, bankrupt, a lunatic or similar cause, the money may be transferred by direction of the Chief Registrar on payment of £2 fee (An unregistered society in similar circumstances would have to apply to the High Court of Justice)

(e) Its documents are for the most part free from stamp duties

(f) Valid receipts may be obtained from the parents and guardians of members under age 16 and from members between ages 16 and 21

(g) Certificates of birth or death of members, or of any other persons insured or to be insured with it, cost only 1s. or, if duplicates are required at the time of application, 6d. for every certificate after the first

(h) It has the privilege of investing money with the National Debt Commissioners

(i) It has certain special privileges in the holding of property

(j) If it invests money on mortgage, the mortgage can be discharged by an endorsed receipt without formal reconveyance

(k) It is a statutory requirement that its officers shall render account and give up all money or property in their possession on demand. This may be enforced by the county court or by the magistrates

(l) The statutes provide for the legal settlement of disputes in accordance with a society's rules. Failing a decision after forty days from appeal to the final authority provided for in the rules, the dispute may be referred to the county court or the police court, or, by mutual agreement if not forbidden by the rules, to the Registrar of Friendly Societies

(m) Members may dispose of policy money not exceeding £100 by nomination without a will. This nomination may be revoked and varied, and is in any case revoked on marriage. Although a will is not effective unless made by a person over 21 years of age, yet a nomination may be made by a person of 16 years or upwards

(n) Where there is no will or nomination, sums not exceeding £100 may be paid without letters of administration to the persons who appear to be entitled, subject to certain precautions as to liability for estate duty. This enables the payment to be made even if the deceased were illegitimate, whereas ordinarily the money would belong to the Crown

(o) Public auditors and valuers are appointed by the Treasury to assist registered societies if they desire it, and their fees are fixed by the same authority.

(p) Rules and other important documents are on record in a public office, and authentic copies can be obtained and used as evidence in court.

(q) A registered friendly society is exempted from income tax under Schedules A, C, and D of the Income Tax Act, 1918, and from corporation duty. This arises under the taxing statutes and not under the Friendly Societies Acts

(r) Fines imposed by the rules are recoverable in a court of summary jurisdiction

It will be seen from the above that registered friendly societies have substantial advantages over those which are unregistered. At the same time they are subject to the following restrictions which do not apply to unregistered societies—

(a) The application for registration must be signed by seven members and the secretary, and must be accompanied by two printed copies of the rules similarly signed. Every amendment of the rules must also be registered. Alterations in the rules bind a non-assenting member only if such was provided for in the rules when he joined. If a policy was issued incorporating the rules, the terms of the policy cannot be affected by an amendment of the rules unless this was provided for in such policy. A copy of the rules must be supplied to any person on demand at a price not exceeding 1s. There must also be sent to the Registrar a list of the names of the secretary and every trustee of the society or other officer authorised to sue and be sued on its behalf

(b) Registered societies may not contract for the payment of an annuity exceeding £52 per annum, or for the payment on death or other contingency of a gross sum exceeding £300. Nor can any member or person claiming through a member receive a sum beyond these limits from registered friendly societies (except in the case of certain old societies as regards an annuity), but bonuses may be received in addition. Any registered society may therefore require a statutory declaration to the effect that the total amount to which such member or person is entitled from one or more societies does not exceed the limits

(c) If they assure the payment of certain annuities, the tables of contributions for such benefit must be certified either by the Actuary to the Commissioners for the Reduction of the National Debt, or by an actuary approved by the Treasury who has exercised the profession of actuary for at least five years

(d) Certain provisions must appear in the rules of a registered society. Model rules are provided to assist such societies, but their use is not compulsory. *Inter alia*, the rules must provide for the auditing of accounts once at least in every year, and for the sending of an annual return to the Registrar in a form prescribed. Also for making and returning to the Registrar a valuation of the assets and liabilities at least once in every five years. Certain types of investment for the funds are authorised by the Act, but the rules must make provision for investments and may expressly direct investments upon any security not being personal security. Special provision is made in the Act for loans to members

(e) Societies must supply gratuitously on application to every member or person interested in their funds a copy of their last annual return or of documents containing the same information as is in the annual return, and must permit members to inspect their books at all reasonable hours. A copy of the last valuation must also be kept hung up in a conspicuous place at the registered office. Particulars of the valuations received during the

twelve months are inserted in the Chief Registrar's reports, and may be locally published with Treasury approval

It is now necessary to consider the different types of friendly society which may be registered and their various objects. The prime condition of the registry of a friendly society is that it should provide its benefits from voluntary contributions of the members, which may, however, be assisted by donations

Objects. The objects for which such societies may provide are set out in the Friendly Societies Act, 1896, and are as follows—

"(a) The relief or maintenance of the members, their husbands, wives, children, fathers, mothers, brothers or sisters, nephews or nieces, or wards being orphans, during sickness or other infirmity, whether bodily or mental, in old age (which shall mean any age after 50) or in widowhood, or for the relief or maintenance of the orphan children of members during minority, or

"(b) Insuring money to be paid on the birth of a member's child, or on the death of a member, or for the funeral expenses of the husband, wife, or child of a member, or of the widow of a deceased member, or, as respects persons of the Jewish persuasion, for the payment of a sum of money during the period of confined mourning, or

"(c) The relief or maintenance of the members when on travel in search of employment, or when in distressed circumstances, or in case of shipwreck, or loss or damage of or to boats or nets; or

"(d) The endowment of members or nominees of members at any age; or

"(e) The insurance against fire, to any amount not exceeding fifteen pounds, of the tools or implements of the trade or calling of the members, or

"(f) Guaranteeing the performance of their duties by officers and servants of the society or any branch thereof"

The objects mentioned in (b) above were extended by the Assurance Companies Act, 1909, so far as "collecting societies" are concerned, to include insuring money to be paid for the funeral expenses of a parent, grandparent, grandchild, brother or sister, and the extension was repealed and re-enacted by the Industrial Assurance Act, 1923

In practice, the two main purposes of a friendly society are the relief of members in sickness, and the payment of a sum of money on death, usually only for funeral expenses

Types of Society. Friendly societies may be registered either as ordinary (or branchless) societies or as societies with branches, commonly called orders or affiliated societies. The expression "branch" means any number of the members of a society, under the control of a central body, having a separate fund, administered by themselves or by a committee or officers appointed by themselves, and bound to contribute to a fund under the control of a central body.

Relief in sickness embraces the payment of money to the sick, and also the provision of medical attendance and relief. Besides the affiliated societies, there are many societies which provide these benefits, and frequently they are assisted by donations from employers and friends, and are thus enabled to grant benefits considerably in excess of those provided by the contributions. Also, in many of the societies, members who have belonged for many years and prospered in life, continue their subscrip-

tions, but do not claim benefits. It is probable, however, that donations and non-benefit claiming members are disappearing factors in many of the societies, owing to the operations of the National Insurance Acts

In the case of some societies the members also contribute for small pensions at a stated age, together with a small death benefit

The provision of a small pension is a sound financial proposition, since sick benefit invariably ceases on attainment of pension age, and the society avoids the payment under the heading of "sick pay" of what in the case of most old lives becomes virtually a pension

Societies which restrict themselves to the provision of medical attendance and relief are commonly called medical associations, medical institutions, medical aid societies, or provident dispensaries

A collecting friendly society is one which collects its premiums by means of collectors. In practice such societies are engaged solely in industrial assurance business, and are regulated both by the Friendly Societies Act and by the Industrial Assurance Act, 1923 (See under INDUSTRIAL ASSURANCE)

Children's Death Benefits. Insurances of benefits payable on the deaths of children are closely restricted by Sections 62 to 67 of the Friendly Societies Act, 1896, as amended by Section 2 of the Friendly Societies Act, 1924, and these restrictions apply to both registered and unregistered societies

They are as follows—

"No greater sum shall be payable on the death of a child than an amount which, when added to any amount payable by any other society or branch or by any trade union or industrial assurance company, shall not exceed the under-mentioned—

"(a) In the case of a child under three years of age, six pounds

"(b) In the case of a child under six years of age, ten pounds

"(c) In the case of a child under ten years of age, fifteen pounds

"Such amounts may only be payable to the parent of the child, or to the personal representative of the parent, and upon the production by the parent or representative of a certificate of death issued by the Registrar of Deaths containing a statement of the name of the society or branch, and the amount said to be payable. All such certificates must be numbered consecutively. For the purpose of this paragraph a person who has formally adopted a child counts as a parent as from 1st January, 1927.

"A Registrar may not grant certificates showing amounts totalling more than the above limits, nor issue any such certificate unless the cause of death has been previously entered in the register of deaths on the certificate of a coroner, or of a registered medical practitioner who attended the deceased child during its last illness, or except upon the production of a certificate of the probable cause of death under the hand of a registered medical practitioner, or on receipt of other satisfactory evidence thereof.

"Before making payment on a certificate which does not purport to be the first, the society must inquire what sums of money have been paid on the same death"

A proper insurable interest over-rides the above regulations

Conversion. Under the provisions of the Friendly Societies Act, 1896, a registered friendly society may by special resolution determine to convert itself into a company, and if such special resolution contains the particulars necessary for the memorandum of association of a company, and a copy has been registered at the central office of the Registry of Friendly Societies, a copy of the resolution under the stamp or seal of the central office has the same effect as a memorandum of association duly signed and attested. For this purpose a special resolution means a resolution which is—

(a) Passed by a majority of not less than three-fourths of the members of a registered society, entitled under the rules to vote, as may be present in person or by proxy (where the rules allow proxies) at any general meeting of which notice specifying the intention to propose that resolution has been duly given according to the rules, and

(b) Confirmed by a majority of such members entitled under the rules to vote as may be present in person or by proxy (where the rules allow proxies), at a subsequent general meeting of which notice has been duly given, held not less than fourteen days, nor more than one month, from the day of the meeting at which such resolution was first passed.

A copy of every special resolution signed by the chairman of the meeting and counter-signed by the secretary, must be sent to the central office and registered there, and until that copy is so registered the special resolution does not take effect.

An alternative procedure, which applies only to collecting friendly societies, is available under the Industrial Assurance Act, 1923.

Approved Societies. On the passing of the National Insurance Act, 1911, it was feared that compulsory sickness insurance would seriously interfere with the activities of the friendly societies. In order to protect their business, therefore, many societies became approved societies under the Act. There is no doubt that the experience and organisation of these societies has been a great factor in making the National Insurance Acts a success. It should be noted that National Insurance and ordinary voluntary insurance must be kept entirely separate in the accounts.

"FROZEN" CREDIT.—This phrase denotes a

FRATERNITY CLAUSE.

In a marine insurance policy if the Free of Capture and Seizure clause (*q.v.*) is deleted. It is worded as follows—

"Warranted free of any claim based upon loss of, or frustration of, the insured voyage, or adventure, caused by arrests, restraints or detentions of kings, princes or peoples."

Any marine insurance policy is an insurance not only on the subject-matter, but also upon the adventure insured. (*Rodocanachi v. Elliott*, 1873.) Thus, if the adventure be frustrated by perils insured against there is a claim for constructive total loss under the policy. In the case *Sandy & Co. v. British and Foreign Marine Insurance Co., Ltd.*, 1916, it was held that insurers against war

risks were hable to pay a total loss where goods destined for an enemy port were diverted by orders of allied war vessels to be discharged at ports in Great Britain. Obviously the loss, if any, to the assured was really only a matter of loss of market. Whilst content to bear the risks of loss of adventure by marine perils, insurers drew the line at such liabilities as those enforced in the above case, and as an ultimate result, the Frustration clause was drafted and generally adopted.

FUCHSINE.—A red dye-stuff, which, like the other aniline colours, has no need of a mordant when applied to silk and woollen materials. With cotton it requires a mordant. It finds favour in France on account of the brilliancy of its colour, and is used for artificial flowers and certain light tissues.

FUCUS.—Various species of brown seaweeds formed on rocky coasts in northern latitudes between the marks of high and low tides. Fucus is used in the preparation of iodine, and may serve as a cattle food; but it is chiefly valuable as a manure.

FUEL OIL.—Owing to the ever-increasing use of the internal combustion engine, especially of the Diesel and semi-Diesel types, the use of oil fuel is growing with rapidity, and it now forms one of the leading imports into this country.

Fuel oil may be of many natures, but the chief source of supply is the refuse oil from petroleum after distillation of petrol and extraction of petroleum (the paraffin which is used for lighting purposes). In this form it is used to provide the gas necessary for explosion and consequently propulsion of the piston in the cylinder chamber of the Diesel and semi-Diesel types of internal combustion engines, whether on board ship or stationary engines in general. It is also sprayed by compressed air or steam into the fire-box of marine and land boilers, and this mixture, being ignitable, is a clean, hardy, and efficient substitute for coal.

FULLER'S EARTH.—A hydrous bisulcate of alumina, containing small quantities of oxide of iron, lime, magnesia, soda, and other impurities. It varies in colour from yellow to slate blue. It is a soft, greasy, granular clay, unlike ordinary clay, inasmuch as it falls to powder in water. Fuller's earth is obtained near Bath, and, in the neighbourhood of Reigate, in Surrey. It owes its name to the fact that it has always been much used for fulling wool.

"FULL INTEREST ADMITTED" (F.I.A.).—(See HONOUR POLICY.)

"FULL PREMIUM IF LOST" (F.P.I.L.).—The insurance of hulls of vessels is usually arranged for periods of twelve consecutive months. If the insurances are for a shorter period it is usual to agree that underwriters shall be credited with the balance of twelve months' premiums in the event of the vessel being totally lost during the period of cover. In such insurances the cypher "F.P.I.L." is inserted in the original slip.

FULMINATES.—Explosive compounds obtained by the action of alcohol and nitric acid on the nitrate of a metal, generally mercury or silver. Mercury fulminate, which is the best known of the fulminates, is obtained in greyish, soluble crystals, which are not dangerous while moist, but explode violently, on percussion, when dry. It is largely used in the manufacture of percussion caps and detonators. Fulminate of silver explodes more easily than fulminate of mercury. It is obtained

in the shape of small, white needles, which are poisonous. It is mainly used for the production of crackers.

FUNDED DEBT.—This is that part of the debt of the country which is regarded as permanent, such as Consols, as distinguished from the unfunded debt (*q.v.*). Upon this debt the Government pays interest regularly without being under any obligation at all to repay the principal. When an unfunded debt which is subject to repayment is changed into a permanent debt, the operation is known as "funding the unfunded debt." The unfunded debt of this country used to be made up of Treasury bills (*q.v.*) and Exchequer bonds (*q.v.*), but now includes all kinds of loans and other advances made for war purposes.

FUNDING THE UNFUNDED DEBT.—(See FUNDED DEBT.)

FUNDS.—This word has various significations: (1) Stock or capital; (2) money, the income of which is set aside for some special permanent object; (3) debts due by a Government, and upon which interest is paid, and (4) Government stock and public securities.

FUR.—Properly speaking, the fine, dense, soft hair of certain animals, principally mammals, but the name is frequently used of all skins covered with hair. Fur is much prized as an article of clothing, being a splendid non-conductor of heat, and, when separated from the skin, it is used in the manufacture of felt hats. The long, silky fur of the Angora rabbit is also spun into yarn for making trimmings or garments. Among the most valuable furs are ermine obtained from the stoat of Siberia, Russian sable marten, silver fox of Labrador, and chinchilla from South America. These and other varieties are noticed under separate headings.

FURLONG.—This is an English measure of length, the eighth part of a mile, or 220 yards.

FURRIERS' INSURANCE.—The term is used to denote the special policy taken out by furriers to indemnify them in respect of claims made upon them in respect of skin troubles due to furs sold by them. Persons who wear the cheaper kinds of dyed furs sometimes suffer from diseases of the skin, which are caused by these furs, and serious claims sometimes occur. The policy follows the lines of an ordinary public liability insurance adopted to meet the needs of the particular case.

The other insurances which a furrier requires in common with all business men do not call for any comment beyond the fact that the experience of burglary policies for furriers has been so bad that

the market for these insurances is now very restricted.

FUSEL OIL.—An oil obtained during the distillation of various spirits. It is a mixture of amylic, propylic, and butylic alcohols, together with capric and other acids. It has an objectionable smell and a burning taste, and is deleterious in its effects. It is found in most alcoholic liquors, and is used to adulterate whisky. It is mainly employed for the preparation of amyl acetate, which is useful as a solvent.

FUSIBLE METAL.—Various alloys of bismuth, which melt at a temperature below that of boiling water. These alloys consist principally of bismuth, lead, and tin, or zinc, but that which melts at the lowest temperature contains cadmium in addition. Fusible metal was formerly used in making safety plugs for steam boilers, but it proved unreliable for that purpose. Its main application at present is in electro-typing and in taking casts of medals, the fact that it expands on cooling rendering it particularly suitable for these processes. It is also used for plugs in the sprinkler type of fire prevention apparatus in factories.

FUSTIAN.—A coarse, twilled fabric made of cotton, velvet, moleskin, or corduroy. It is chiefly used for men's clothes. The manufacture has its chief centre at Manchester.

FUSTIC.—Two distinct vegetable dyes are known by this name. The zante or young fustic is obtained from the smoke plant of South Europe, and yields a yellow dye, which is somewhat fugitive. The twigs and leaves of this tree are used in tanning. The other dye is obtained from the wood of the *Machura tinctoria*, which grows in India and in tropical America. It is also yellow in colour, but is much more permanent than the Zante fustic. Its use in dyeing woollen materials is now being replaced by synthetic dyes.

FUTURES.—Dealing in futures means making purchases or sales of a commodity or stocks or shares for delivery at some future period. The practice is much commoner in the case of merchandise than in stocks and shares, large quantities of produce being sold for delivery many months ahead. This practice, legitimate enough in its origin, for one can readily see how it may be desirable to sell plantation and other products prior to shipment, lends itself to speculative transactions, as the individual who has sold for delivery, say, three months hence, may, in the event of a falling market, find it profitable to close his bargain by re-purchasing on the spot at a lower price.

G]

G

[GAM

G.—This letter occurs in the following abbreviations—

G/a.	General average (marine insurance)
Gall.	Gallon
Galls	Gallons
Gaz.	Gazette
G B.	Great Britain
G b o	Goods in bad order
G gr	Great gross (144 doz.).
gl.	Gill.
G m b	Good merchantable brand
G m q	Good merchantable quality
G o b	Good ordinary brand
Gov	Government
G P O.	General Post Office
Gr	Gross.
Gr wt	Gross weight
Grs.	Grains
Gs	Guineas

GALALITH.—This is a substance which is made from the casein of dried milk and which, in recent years, has become more and more an article of commerce, principally as a substitute for ivory. It can be made of any colour or shape and is a competitor of celluloid for many purposes.

GALAM BUTTER.—(See SHEA BUTTER.)

GALANGAL or GALINGALE.—An East Indian plant of the ginger family, from the root of which preserved ginger is prepared. Large quantities of this product are exported from China to India. The name is also applied to the aromatic root of the *Alpinia officinarum*, and to the tuber of *Cyperus longus*, which was formerly noted for its medicinal properties.

GALBANUM.—A yellowish-brown resinous substance obtained from certain umbelliferous plants of Persia, of which the *Ferula galbaniflua* is the chief. It is one of the most ancient ingredients of Jewish incense, and is also useful medicinally, its application being very similar to that of asafoetida, which it also resembles in its objectionable odour.

GALENA or LEAD GLANCE.—Practically all the lead of commerce is obtained from this mineral, which consists of 86.6 parts of lead and 13.4 parts of sulphur. It occurs crystallised in granite, sandstone, etc., and frequently contains, in addition to its characteristic constituents, small quantities of zinc, copper, iron, antimony, silver, and even gold. It is widely distributed throughout Europe and the United States. A town in Illinois and another in British Columbia bear the name of Galena, owing to the value of their lead output.

GALLIC ACID.—A crystalline substance obtained mainly from gall-nuts, though it also occurs in sumach, divi-divi, and other plants. It is colourless when pure, but the presence of ferric salts produces a dark blue colour, which becomes black on exposure to the air. Gallic acid is used medicinally as an astringent, especially in cases of Bright's disease,

but it is chiefly of value in the preparation of ink. It yields numerous gallates.

GALLON.—This is a measure of capacity containing 4 quarts. It is used for both dry and liquid articles.

The imperial gallon contains 10 lbs. avoirdupois weight of distilled water, weighed in air at a temperature of 60° Fahrenheit (or about 15½° Centigrade), the barometer standing at 30 in. Its capacity is 277.274 cubic ins.

The American gallon is equal to 231 cubic ins. Compared with the decimal system, the gallon is equal to 4.5435 litres, and the litre is equal to 22 gallon.

GALLS.—The abnormal excrescences formed on certain trees by gall insects, which introduce their eggs into the plant tissue and leave them to develop. There are various sorts of galls, but the best known are those obtained from oaks. These so-called oak-apples or gall-nuts are valuable on account of the gallic and tannic acids they contain, which are much used in tanning, in dyeing, and the making of ink. Galls are imported from Greece, Italy, and Algiers; but the best come from Aleppo, in Asia Minor.

GALVANIZED IRON.—This iron undergoes no galvanic treatment. It is named after the Italian Galvani, who first discovered the process of coating iron with zinc to prevent it from rusting. After being very carefully cleaned with acid and sand, the iron or mild steel is dipped into molten zinc, a thin layer of which adheres to the iron. Since 1840, galvanized iron has been generally used in a variety of ways, first only for cooking vessels, but later for telegraph wires, buckets, roofing, water-pipes (but not steam-pipes), bolts for ships, etc. It is largely used in shipping construction, but care must be taken to avoid acids on a vessel of this metal. For certain purposes, galvanising is superseded now by the electro-deposition of zinc upon steel. Corrugated iron is obtained by passing the galvanized metal between rollers with ridged surfaces, thus producing a wrinkled effect.

GAMBIA.—Position, Area, Population, and Relief. Gambia consists of an enclave at the mouth of the Gambia river, on the west coast of Africa (extending about 220 miles from the sea), commanding the navigability of that great waterway. It comprises the Island of St. Mary (a British colony, area, 4 square miles, 9,300 population), British Kombo, Albreda, the Ceded Mile, MacCarthy Island, and various other islands and territories on the banks of the river (a British protectorate, area, 4,130 square miles, 202,000 population). The natives, mostly Mohammedans, belong to three different stocks, the Wolof, Fehup, and Mandenga.

Much of the land is low-lying and swampy, though above MacCarthy Island the river banks are hilly. As regards navigability the Gambia river is one of the few satisfactory African rivers. Never less than 26 ft. of water on the bar is found at low tide.

Climate. The climate is fairly healthy, except

during the rainy season (June to October), and is far less insalubrious than any other British West African possession. It has an appreciable winter, and from November to March the climate is good. The rainfall, restricted mainly to the summer months, is not more than 44 in.

Industries, Communications, and Trade. Agriculture is the leading occupation, and the principal products are ground nuts and rubber. Communication is by steamers and launches on the river. Railways are absent. Bathurst is connected with St Vincent and with Sierra Leone by cable, and is in wireless communication with Georgetown. The chief exports are ground nuts (70 per cent.), beeswax, palm kernels, hides, calabashes, and rubber, and the chief imports are cotton goods, kola nuts, rice, flour, soap, spirits, hardware, sugar, wine, tobacco, and salt. Most trade is carried on with Great Britain, France, French African colonies, the United States, Sierra Leone, and Germany. *Bathurst* (9,300), on the island of St Mary, is the only town of importance.

Mails are dispatched to Bathurst twice a month. The time of transit is fourteen days.

The position of Bathurst, not far from Cape Verde, is shown on the map of AFRICA.

GAMBIER.—A thick, glue-like, porous substance, of a brownish colour, obtained from the leaves of the East Indian shrubs, *Uncaria gambir* and *Uncaria acida*. Singapore has practically the monopoly of the export trade. The chief use of gambier is for tanning and dyeing, but its astringent properties give it some medicinal value. The name is of Malay origin.

GAMBLING ACT.—(See INSURABLE INTEREST.)

GAMBLING POLICES ACT, 1909.—(See HONOUR POLICY.)

GAMBOGE.—A yellow gum resin obtained from the bark of various East Indian trees, the best being that of the *Garcinia cambogia*. It is used in staining wood, in coating brass work, and in water-colour painting, but is chiefly of value medicinally on account of its purgative properties, being usually sold in conjunction with various drugs in the form of a pill. Siam is the source of the best gamboge.

GAME LAWS.—The object of all Game Laws, ancient and modern, is to give exclusive rights to defined persons of killing and taking certain wild animals which are classed as game. Wild animals, even when they were useful for food, have been from earliest times classed by the law amongst the things which could not be stolen, they were held not to fall within the law of larceny. Owners and occupiers of land have been protected from the natural desire of many people to kill and take edible wild animals to be found on their lands, not by bringing these animals within the law of larceny, but by enacting Game Laws. In general, the occupier of land has the right to kill all wild animals on it; but both before and since the Conquest, under the Forest Laws, some remnants of which still exist, especially in lands belonging to the Crown, our kings or persons to whom they granted the franchise or privilege had the sole right of sporting, and might exclude the owner as well as his tenants from killing animals on his own land. What remains of these forest laws and the game they protected, which comprised a quite different list from that of the animals now known as game in the Game Laws, need not be described here.

Another restriction on the right of the occupier of land to kill wild animals, game, or otherwise, is

to be found in modern leases, whereby the sporting rights are reserved to the owner. Occupiers now, however, under the Ground Game Act, 1880 (43 and 44 Vict. c. 47) cannot divest themselves of the right to kill hares and rabbits, which are called ground game, though hares are game and rabbits are not in the Game Act, 1831 (1 and 2 Will. 4), which defined game as follows: "Hares, pheasants, partridges, grouse, heath or moor game, black game, and bustards." The Game Act, 1831, is the foundation of the present Game Laws, i.e., the statutes containing provisions designed to aid owners or occupiers of land in preserving sporting animals, all the Game Laws before that date being repealed by it.

These Acts are not confined to game strictly so defined. Some of their provisions apply to other animals; in the Game Act itself, for instance, to rabbits, woodcock, snipe, quail, landrail, and conies. In the Poaching Prevention Acts, 1862 (25 and 26 Vict. c. 114), rabbits, woodcock, and snipe are included, but not bustards; and also in the same Act, as well as the Game Act, eggs of game birds and of swans, ducks, teal, or widgeon. Then excise licences for killing or taking game and some other added animals, including deer, and for dealing in game, are necessary (the Game Licences Act, 1860, 23 and 24 Vict. c. 90). In short, there is scarcely any sporting animal as to which there is not some provision in one or other of the Game Laws intended for its stringent protection.

Game must not be killed on Sundays and Christmas Day under a penalty. There are close seasons for game and other wild animals, varying in dates for different kinds as laid down in the Game Act. Deer, hares, and rabbits are not subject to a close time. No firearms or gun of any kind can lawfully be used by any person for killing game by night, and, besides this, the occupier, under the Ground Game Act, must not use spring traps except in rabbit holes, or employ poison for killing ground game, a penalty of £2 being affixed.

By the Game Act it is an offence, with a penalty of £10, to put poison on any ground where game (in the strict sense) usually resorts, or in any highway, with the intention of destroying or injuring them. The prohibition of putting poisoned seed, grain, or meal on any land has partly the same object.

The right to kill game does not extend beyond the land occupied. Not until game is killed, or, if alive, tamed, or captured, or otherwise reduced into possession, as it is called, does game become property so that it can be stolen, no matter who has killed it or how it is killed, and this is true of the eggs of game birds (*King v. Stride and Millard*, 1908, 1 KB 617).

If the owner lets his land, he may reserve the right to kill game or general sporting rights to himself or to anyone else to whom he may grant the shooting rights. A tenant holding land without the shooting rights being reserved, can also grant them to a shooting tenant. A shooting tenant who takes direct from the owner has the same rights as the owner, except that he cannot kill hares without a licence; while the owner can, under an Act of 1848. He is, however, in a better position than the tenant of the land, as far as the Ground Game Act is concerned, as he is not subject to the restrictions of that Act, but has the same rights as the owner himself. In any case, the actual occupier of the land, whether owner or tenant, retains the right under the Act to kill ground game (See also article

AGRICULTURAL HOLDINGS ACTS) Otherwise it is an offence under the Game Act for the occupying owner or tenant who has let the shooting to kill or take the game; and, of course, there would be an action for breach of contract. The shooting rights must be granted by deed.

Trespass on Land. (1) *Civil.* As the law has not conferred a right of property in game on the owners and occupiers of land, but has yet resolved to give them every means of protecting the game, the law of trespass assumes a special form under the Game Laws. For any trespass in connection with pursuit of game, there is the usual civil action of trespass, in which the right of possession would be tried. An animal, game or otherwise, shot by a man on his own ground, but which falls into a neighbour's land, cannot be followed without trespass. And what is not an offence under the Game Laws may be a civil wrong, even though there is no trespass, *e.g.*, to scare game away purposely to interfere with the shooting in this way would be actionable, yet to entice it away would not.

(2) *Criminal.* (a) *Offences by Day.* Mere trespass on land is not a criminal offence, and cannot be punished by fine or imprisonment, but trespass in pursuit of game is an offence, and a trespasser in pursuit of game may be arrested either if he refuses to leave the land or if he will not give his name and address. By day, it is punishable with a fine not exceeding £2 and costs. If the defence of permission (leave or licence) is set up, the right person must be shown to have given it, the occupier, if he has the right to the game, the landlord or some other person, if the shooting rights have been reserved, and if there is a *bond fide* claim to the land, the justices ought not to decide the case.

Even the occupier, if he has not the right to shoot the game himself, commits an offence if he kills, or pursues, or takes game on the land, or gives permission to others; and he is liable to a penalty of £2 and £1 for every head of game. If five or more persons are together, each is liable to a fine of £5; and if any of them carries firearms and use threats to any person warning them off, each is liable to an additional penalty of £5.

(b) *Offences by Night.* All persons whatever are prohibited from using firearms in killing game and rabbits by night, and, in the case of the occupier under the Ground Game Act, he is liable to a penalty of £2. Night is between the expiration of the first hour after sunset, and the commencement of the last hour before sunrise.

When three or more persons enter land with firearms, or other weapons, this is an offence punishable with penal servitude up to a maximum of fourteen years, or to two years' imprisonment with hard labour.

Unlawfully taking or destroying game or rabbits by night on land or a public road, or unlawfully to enter on open or enclosed land with guns or instruments to take game, are each offences punishable summarily, on a first conviction, with three months' imprisonment with hard labour; or a second conviction with six months' hard labour, and sureties for two years, and if sureties are not found, to an additional twelve months' imprisonment. A third offence is an indictable misdemeanour, with a maximum term of penal servitude of seven years, or of imprisonment with or without hard labour for not more than two years.

By the Poaching Prevention Act, 1862 (25 and 26 Vict. c. 114), the police are enabled to search, in

a public place, persons who are in possession of game or implements for taking game, whom they suspect of coming from land where they have been poaching, and on this is founded an offence for unlawfully obtaining game by trespass or using instruments, or otherwise. Eggs of game birds, of woodcock and snipe, come within this Act. This reinforces the private right of arresting offenders actually trespassing in pursuit of game, and of pursuing and arresting them within limits and handing them over to the police. But only stewards of the Crown forests and manors, and other Crown domains, lords of manors, and, in Wales, owners of lands worth £500 a year, are entitled to appoint gamekeepers to exercise on their behalf all the powers under the Game Act; and these gamekeepers must be appointed under hand and seal, and their appointments registered with the clerk of the peace. Their power of arrest is greater than that of any other member of the public or the police. These can only arrest if an indictable offence is actually being committed by night, or, in the case of the police, in the circumstances provided by the Poaching Prevention Act; whereas gamekeepers can make all the arrests, in any circumstances, authorised by the Game Act, within the area for which they are appointed.

Licences to Kill Game. Besides the ordinary game licence, an annual licence of £3 or £2, or of £1 for a continuous period of fourteen days, must be taken out by all persons, including gamekeepers, before taking, killing, or pursuing or aiding in taking, killing, or pursuing, game (as defined in the Game Act), or any woodcock, snipe, quail, or landrail, or any coneys or deer. These licences avail throughout the United Kingdom, except for gamekeepers and servants, whose licences are only for the land for which they are appointed. The holder of a £3 licence may sell game to a licensed dealer, which he would otherwise not be entitled to do, and he must not sell it to any other person. Also the occupier, and the persons he authorises to kill ground game under the Ground Game Act, 1880, need not obtain a licence to kill game, and they may sell the "ground game," as if they had a licence to kill game, to a licensed dealer.

Licences to Deal in Game. Before any person can deal in game, he must obtain two licences: first, a local licence granted by the district council in a county, or by a county borough council; secondly, an Excise licence of £2. The licensed dealer may buy British game only from another licensed dealer or from persons who hold the £3 licence; and he can only sell at a place within the district on which is exhibited a board with the words "Licensed to deal in game." Innkeepers, licensed victuallers, or holders of retail beer licences, and owners, drivers or guards of public conveyances, or higglers, carriers, or any person in their employment, cannot be licensed. The game for which there must be a licence to deal comprises hares, pheasants, partridges, heath and moor game, grouse, black game and bustards, and live and dead game alike are included, whether British or imported from foreign countries.

The "close times" fixed by the Game Act must be strictly observed, and within ten days of the commencement of the "close time" the possession or sale of game killed in the United Kingdom is an offence, unless they have been killed before the expiration of the open days. And though foreign dead game may be sold during "close time," foreign

live game may not. All these regulations as to licence must be observed; and all those as to buying, sale, and possession are enforced under severe penalties.

GAMING AND WAGERING.—Strictly speaking, "gaming" means playing a game for stakes hazarded or provided by the players, while "wagering" is fairly well described by the well-known term *betting*, but, in common use, the words are used rather indiscriminately and applied to any state of affairs whereby a person stands to win or lose money by reason of the happening or not of some more or less uncertain event. The distinction between gaming and wagering is not now of much practical importance as between the immediate parties to the transaction, but it may be important as regards the interests of other persons in the money or thing that is at hazard.

Most games are in themselves lawful, but a few, such as lotteries and all games played with dice, except backgammon, are expressly forbidden by statute; but even lawful games become unlawful if played in what is known as a common gaming-house, *i.e.*, a house in which people habitually meet in considerable numbers for the purpose of gaming. To keep or frequent a common gaming-house, or to open, keep, or use a place for the purpose of making bets, and betting in streets or public places, are offences which may be punished by fine or imprisonment, as may also the sending of circulars to infants to invite them to make bets. These matters, however, hardly fall within the scope of this article, which is more concerned with the civil rights and obligations of persons concerned or interested in a gaming or wagering contract.

As no one can obtain any rights under an unlawful contract (see **CONTRACT**), so no one can enforce a claim arising out of an unlawful game. This was well instanced in one case, where a woman vainly endeavoured to recover from the holder of a ticket in a lottery a share of the money won by such holder, on the ground that she had purchased a share in the ticket from the holder. In this country all sales and purchases of or dealings in lottery tickets are illegal, and it was held that the illegality extended to prevent recovery of money that had admittedly been received as a prize by the holder of the particular ticket. But betting is not in itself illegal, and the disability to recover money won on a bet applies only to the immediate parties to the betting transaction. If, however, the arrangement really amounts to a joint bet, one of the joint bettors cannot sue the one to whom the winnings have been actually paid, for, though the transaction between the two is not, strictly speaking, a bet, it is considered as being so intimately connected with a wagering contract as to be inseparable therefrom. As regards matters arising out of the playing of lawful games or the making of lawful wagers, the position is somewhat different. All contracts by way of gaming or wagering are null and void by statute, and no action can be maintained for recovering any sum of money or valuable thing alleged to have been won upon any wager, or which has been deposited in the hands of any person, whether a party to the wager or a stakeholder, to abide the event upon which a wager has been made.

It will be noticed that the first part of this prohibition extends only to something alleged to have been won, that is, won by the would-be plaintiff, upon a wager, it does not, therefore, prevent an action by a party to the wager to recover the amount

he has himself deposited, so long as he claims repayment before the money has been paid over to the winner. Nor does it prevent an action to recover a prize provided by some third person who is not a player of the lawful game or a competitor in the sport or pastime, nor an action to recover a promised subscription or contribution towards any prize or sum of money to be awarded to the winner or winners of any lawful game, sport, pastime, or exercise.

Either party to a wager or bet can bring an action against the stakeholder to recover his own stake, even after the happening of the event upon which the bet was made, if the stakeholder has not actually paid the loser's stake to the winner, but when that payment has been made the right to recover ceases. If, however, the loser has given notice to the stakeholder not to part with the money, and afterwards the stakeholder does pay it to the winner, he will be personally liable to repay the money to the loser. If the stakeholder is a party to the bet, and becomes the winner, and appropriates the stake to his own use, this is equivalent to payment, so as to prevent the loser recovering the amount.

Any promise, express or implied, to pay any person any sum of money paid by him under or in respect of any contract or agreement by way of gaming or wagering, or to pay any sum of money by way of commission, fee, reward, or otherwise in respect of any such contract, or of any services in relation thereto or in connection therewith, is null and void, and no action can be brought to recover any such sum of money.

Not only are the actual contracts of gaming and wagering void, but if money or other valuable thing is knowingly lent to another for the purpose of playing any game, whether of skill or chance, for money, or of betting upon any such game, it cannot be recovered back again. This is the effect of two old Acts of Parliament, upon the construction of which there have been a number of decisions of the courts of law, with the result that money has been held to be irrecoverable if lent for the purposes of gaming or wagering on the following games and sports: Cards, dice, tennis, bowls, skittles, cock-fighting, horse races, dog races, coursing, foot races, and cricket: and the irrecoverability will extend to money lent for wagering on any other games or pastimes. But money lent for the purpose of betting upon other contingencies than games, or to pay bets already made and lost, may be recovered.

An attempt is often made to evade the law against wagers by setting up a new contract between the parties, the allegation being that the debtor has promised to pay the creditor the money in consideration of something that is not dependent upon a game or contingency, for where the loser of a bet makes a fresh promise to pay, in consideration of something fresh to be done or omitted by the winner, the contract so made is not one of gaming or wagering, and so does not come within the terms of the disabling statutes just referred to. Whether there is such a new contract must be for the court to determine in each case, and in nearly every case the decision will depend, not so much upon whether there was a fresh promise to pay by the loser, as upon the answer to the question, Was there a sufficient consideration moving from the winner to support such a promise? (See **CONSIDERATION**.) There have been several cases on what amounts to a sufficient consideration for this purpose, and the decisions are not altogether easy to reconcile.

Broadly, however, it may be said that a mere promise to give further time for payment, or to refrain from bringing an action, or to accept a smaller amount in settlement, or to accept payment by instalments, will not be sufficient, but that a real forbearance by the winner to post the loser as a defaulter may suffice, though it is open to the court or the jury to find otherwise.

If a man employs an agent (see AGENCY) to make a bet for him with a third person, and the bet is won and the winnings paid to the agent, the principal can recover the amount thereof from the agent. If, on the other hand, the bet is lost and the agent pays the winner, the agent cannot claim to be indemnified by his principal. An agent who fails to act on his instructions to make a bet is not liable to his principal for the amount that would have been won had he done as he was told.

If a bill of exchange (which expression includes a cheque), promissory note, mortgage, or any other form of security, is given to secure payment of money won at gaming or wagering, the security is not entirely bad. As between the immediate parties, the security is of no effect and cannot be enforced if the defence of gaming is set up by the defendant, but if the security is transferred, before the day thereby fixed for payment, to a person who gives a valuable consideration for it, and who has no notice that it was originally created to secure payment of a gambling debt, such transferee, and any subsequent innocent holder of the security, may recover the amount secured thereby. Thus, if A loses money at cards to B, and gives him a promissory note as security, B cannot sue A upon the note; but if B endorses the note for value to C, who has no notice of its tainted origin, and C transfers it in like manner to D, the last-mentioned can sue A, B, or C upon the note; and if he compels C to pay, then C can, in turn, sue either A or B.

The rules as to gaming and wagering contracts apply to all transactions the true nature of which is that they are gambles, even though they do not come within the ordinary designation of bets or wagers. A prominent example of this is found in regard to what are known as Time or Difference Bargains on the Stock Exchange (*q.v.*). These consist in contracts to deliver and to pay for stock or shares on a certain date, the buyer believing that the price will rise before then, and the seller believing that it will drop; but neither really intending actually to deliver or accept stock or shares, but only to strike the difference between the contract price and the actual price on the due date, and to pay and receive the difference only. This is a gaming contract, and neither party can recover on it. It must be noted that only when the parties to the contract are principals can there be a wager between them; a broker, while he properly acts as such and charges a commission for his services, does not enter into a wagering contract with his client. Another class of wagering contracts are policies of insurance in respect of a subject-matter in which the insured person has no insurable interest (See INSURANCE.)

Any scheme for distributing prizes, whether in money or in kind, by lot or chance, is a lottery, and all lotteries and everything connected with them are illegal in this country. It is essential that the distribution depends entirely upon chance, for if skill on the part of a competitor can in any appreciable measure control the result, the scheme will not be a lottery. Familiar forms of lotteries are the big

money prize lotteries so prevalent on the Continent, raffles at bazaars, sweepstakes, and many kinds of coupon competitions. Certain art unions, established for the promotion of the fine arts, are exempted from the operation of the penal Acts against lotteries, and it is not a lottery for people jointly entitled to money or to a particular property or article, to cast lots as to how it shall be divided among them. All persons taking part in a lottery, or printing or publishing any advertisement or ticket relating thereto, may be proceeded against for penalties.

GANISTER.—A hard close-grained siliceous stone occurring as beds beneath the coal-seams of Yorkshire and neighbouring districts. It is used for road metal, and as a refractory lining for furnaces, also when ground in the casting of brass and iron, and the making of fire bricks.

GAOL DELIVERY, COMMISSION OF.—This is one of the several powers contained in the commission of assize, giving authority to the persons therein named to "deliver the gaol of — of the persons therein being."

GARBLING COIN.—This is a term which refers to the practice of money dealers in picking out new full weighted coins from those which pass through their hands, for the purpose of exporting them or melting them down, and retaining the lighter ones for circulation and the payment of trade debts at home. The practice has almost died out. Garbling was formerly used to signify the process of sorting or picking out the worst of anything.

GARNET.—The comprehensive name for a variety of minerals which crystallise in the cubical system, usually in the form of dodecahedra. They vary in colour according to their chemical composition, but are usually brownish-red, and then consist of silicate of iron and aluminium. This variety is frequently used in jewellery, and has a resinous lustre. Garnets are found principally in crystalline rocks. The best come from Pegu, in Burmah, but Bohemia, Ceylon, and Brazil also do an export trade in the article.

GARNISHEE.—A person in whose hands property which belongs to another person is attached by an order of a court of justice. This order is in the nature of a warning, forbidding the person upon whom it is served to pay over the debt which he owes to his creditor. (See GARNISHEE ORDERS.)

GARNISHEE ORDERS.—These are notices which are sent to persons who are owing money to judgment debtors (*q.v.*), or who hold goods belonging to them, warning them not to part with such money or goods. The object of these orders is to prevent or goods. The object of these orders is to prevent the debtor's applying such money or property in such a manner as to deprive the judgment creditor (*q.v.*) of the chance of reaping the fruit of his judgment when it is impossible to obtain satisfaction from the judgment debtor direct. Thus, A obtains a judgment against B. The judgment is not satisfied, but it comes to the knowledge of A that C, a third person, is indebted to B in a certain sum. A obtains a garnishee order against C, which prevents C from paying over the amount of his debt to B or to any other person.

A garnishee order is obtained upon an application to the court or to a judge, at first *ex parte* (*q.v.*), by any person who has obtained a judgment or order for the recovery or payment of money, either before or after any oral examination of the debtor liable upon the judgment or order. The application must

be supported by an affidavit on the part of the applicant or of his solicitor, stating—

(a) That judgment has been recovered or the order made.

(b) That the judgment is still unsatisfied,

(c) The amount of the judgment,

(d) The name and address of the third person (called the garnishee) from whom money is due to the debtor;

(e) That the garnishee is within the jurisdiction, &c., within that part of the United Kingdom over which the court has power to compel obedience to its orders.

At first, an order *nisi* is obtained, if sufficient cause is shown, which means that the garnishee order is only temporary and provisional; but afterwards, when the party served has been heard, the order is made absolute, unless good cause is shown to the contrary.

After the order has been served upon the garnishee, he must, unless he is able to prove that there is no debt owing by him to the judgment debtor, pay the money into court, or execution will be levied against him for the amount. Payment made by or execution levied upon the garnishee under any proceedings of this kind is a valid discharge to him as against the debtor, liable under a judgment or order, to the amount paid or levied, even though the proceedings are subsequently set aside, or the judgment or the order reversed.

A garnishee order is not valid against the trustee in bankruptcy of the judgment debtor, unless completed by receipt of the debt before the date of the receiving order and notice of the presentation of a bankruptcy petition by or against the debtor, or the commission of an available act of bankruptcy by him.

The following are not available for attachment—

(1) Unliquidated damages due to a judgment debtor

(2) Money due to a shareholder in the voluntary winding-up of a limited liability company.

(3) Purchase money payable upon the completion of a sale of real property

(4) Wages due to a seaman, servant, labourer, or workman

(5) Future income of a tenant for life

(6) Salary accruing, but not actually due

(7) The pay or pension of an officer

The following is a form of a garnishee order—

Garnishee Order (attaching Debt.)

No. —

In the High Court of Justice
King's Bench Division
Sheffield District Registry.

Between

A. B.

Judgment Creditor.

C. D.

Judgment Debtor.

and

E. F.

Garnishee.

Upon hearing Mr. G. H., as solicitor for the above-named Judgment Creditor, and upon reading the affidavit of the said A. B. filed the 11th day of March, 19

It is ordered that all debts owing or accruing due from the above-named Garnishee to the above-named Judgment Debtor be attached to answer a judgment recovered against the said Judgment Debtor by the above-named Judgment Creditor in the High Court of Justice on the 11th day of January, 19 , for the sum of £210, debt and costs, on which

judgment the said sum of £210 remains due and unpaid.

And it is further ordered that the said Garnishee attend the District Registrar in Chambers, at the County Court offices at Bank Street, Sheffield, on Monday, the 25th day of March, 19 ., at 2 o'clock in the afternoon, on an application by the said Judgment Creditor that the said Garnishee pay the debt due from him to the said Judgment Debtor or so much thereof as may be sufficient to satisfy the judgment.

Dated this 18th day of March, 19 ..

W. H.

District Registrar.

GARNISHMENT.—The notice issued to a garnishee, warning him not to part with money or goods in his possession pending the settlement of a claim against the owner.

GAS AND ELECTRIC LIGHTING.—By the Towns Improvements Clauses Act, 1847, the Commissioners appointed to carry out the Act were empowered to contract with any person for the supply of gas, oil, or other means of lighting, and may supply lamps, lamp-posts, and other necessary works. The Gas Works Clauses Act, passed in the same year, enacts as follows: The persons authorised to construct the gas works are called the undertakers, to whom power is given to break up streets, open drains, enter on private land, with the consent of the owners, and to contract for the supply of gas to public and private buildings and streets, and to supply lamps, lamp-posts, burners, and pipes, and to repair the same. The undertakers may supply gas meters, and these meters may not be taken away by the landlord as distress for rent. If the consumer of gas fails to pay for the same, his supply may be cut off, and he may be sued in the court for the amount due.

Heavy penalties are imposed on the consumer for fraudulently using gas, or for damaging the pipes. The undertakers must not contaminate any water supply, or allow gas to escape, after the complaint has been brought to their notice. The profits made by the gas company must be limited to 10 per cent; if the profits exceed this amount, the cost of gas to the consumer must be reduced. The annual accounts of the undertakers must be sent to the clerk of the local authority in England, Scotland, and Ireland.

The Act was amended in 1871, in which year it was enacted that gas should be manufactured or stored only in the places indicated by special Act of Parliament. When an occupier wants a gas supply, he must give notice to the undertakers, and enter into an agreement to pay for the supply, and, if necessary, give security to the undertakers. The quality of the gas supplied must be in accordance with the Gas Regulation Act, 1920.

The gas used by the consumer must pass through a tested meter, supplied and approved by the undertakers, or a tested and approved meter supplied by the consumer. Where the meter is not the property of the consumer, he must pay a meter rent for the use of it. The consumer must not connect or disconnect the meter without giving the undertakers twenty-four hours' notice. Whether meters are the property of the consumer or of the undertakers, they must be kept in good order, and access must be had to them at all reasonable times for testing and for taking the readings of gas consumed. If there is a difference between the consumer and the undertakers as to the amount of gas consumed, the matter may be referred to two

justices, or to a stipendiary magistrate, and their decision shall be final.

The undertakers may remove their meters and fittings after giving twenty-four hours' notice so to do. The undertakers shall supply gas for the public lamps which are within a distance of 50 yards from their gas mains; the supply shall be measured by meter or otherwise, according to agreement. The undertakers must provide a testing place for testing the illuminating power of the gas, and for testing the presence of sulphuretted hydrogen. Competent and impartial persons may be appointed as gas examiners. The rules as to the quality and nature of gas to be supplied are now to be found in the Gas Regulation Act, 1920.

If the undertaker fails to supply gas to a consumer, he is liable to a penalty of 40s. a day. A model balance sheet is published at the end of the Act, for the guidance of the undertakers when submitting their annual accounts.

Further legislation was authorised, in 1870, by the Gas and Water Works Facilities Act. This Act gave powers to local authorities to manufacture and supply gas in any district in which there was not a gas company already existing. The Act was amended in 1873, and explained the word "undertakers" to mean a local authority, a corporation, commissioners, company, or persons, and gave power to the Board of Trade to consider the applications of such undertakers, and to make Provisional Orders for gas supply. These Acts of 1870-3 do not apply to the metropolises.

The Public Health Act, 1875, gives any town or urban authority powers to contract with any person for the supply of gas for public lighting or to supply gas themselves. The Local Government Act, 1894, gives power to every rural parish to provide their own lamps for public lighting.

As electricity is now used in so many places, the article entitled **ELECTRIC LIGHTING** must be referred to, and, on the general subject of public and private lighting, must be read in conjunction with this one.

GAS AND OIL ENGINE INSURANCE.—(See **ENGINEERING INSURANCE**.)

GASOLINE.—This is the American expression for the English word "Petrol," and the French word "Essence." The correct generic name for it is benzene (*q v*). Gasoline is a distillate of crude petroleum.

GAS PLANT INSURANCE.—(See **ENGINEERING INSURANCE**.)

GAUGE.—This word occurs both as a noun and as a verb. When the former, it signifies either a standard of measure or the measuring rod which is used for ascertaining the contents of casks. When the latter, it means the ascertaining of the contents of casks, i.e., the number of gallons contained in them, by means of a gauge or gauging rod.

This is also a term used to denote an "exact measurement." "To gauge .001" means that all measurements of the article or the part in question must be within one one-thousandth part of an inch greater or less than the measurements specified, otherwise the article or the part will not be accepted or paid for—an almost invariable condition of orders given for work on machine tools of any description.

GAUGER.—The officer of Customs or Inland Revenue, whose business it is to ascertain the contents of casks.

GAUGING.—Measuring the capacity or the contents of casks, by means of measuring rods.

GAUZE.—A light, transparent fabric of any fine fibre, though originally made only of silk. It is much used for veils, dress purposes, and by millers for sifting flour. It was at one time produced in the west of Scotland, but France and Switzerland are now the chief sources of supply. Mantles for incandescent lamps are made of a specially manufactured variety of gauze. Metal gauze woven from iron, brass, or copper wire is made for use in gas burners, safety lamps, steam joints, and blinds.

GAVELKIND.—Under the system of gavelkind, instead of real property descending in cases of intestacy exclusively to the eldest son or the next male heir of the deceased, it was formerly divided equally amongst the sons, and the name is particularly appropriate, being derived from three Saxon words, signifying "give to all alike." The system of gavelkind has now been abolished and from 1st January, 1926, it is of historical interest only.

GAZETTE.—The official periodical published by the authority of the Government. In England it is published every Tuesday and Friday.

The production of a copy of the *Gazette* is generally accepted as evidence of any notice or order contained in it. Great care is taken as to the insertion of notices, and all those which do not come direct from Government offices must be duly authenticated. The signature of a solicitor is in most cases sufficient, but if this cannot be obtained, any advertisement or notice must be accompanied by a declaration.

In addition to the official notices of the Government, all the principal steps taken in bankruptcy and winding-up proceedings must be advertised, as well as notices of changes of partnerships, and those calling upon creditors and others to come in and prove their claims in the administration of estates.

GAZETTED.—A person or thing is said to be "gazetted" when an official announcement touching either the one or the other is contained in the *Gazette* (*q v*).

GELATINE.—A product obtained chiefly from parings of the hides and skins of calves, sheep, and oxen, the best variety for human consumption being prepared from calves' feet. Great care is bestowed on the process of extraction, in order to procure an absolutely pure article for use in confectionery, cooking, and medicine, in which it is much employed as a coating for nauseous pills. Other varieties are used in the preparation of photographic plates and films, and for numerous other purposes. Gelatine is of the same origin as glue, but differs from it in the amount of care devoted to its preparation.

GELATINE DUPLICATOR.—(See **DUPPLICATING**.)

GELATINE DYNAMITE.—This is a well-known explosive of the nitro-glycerine class. It is chiefly used for tough rock work, and consists of 80 per cent. of a gelatine formed of nitro-glycerine and nitro-cotton, and a dope of 20 per cent., consisting of wood meal (a special variety of sawdust) and nitrate of potash. It is largely exported in cartridge form in boxes containing 5 lb., ten of which are in a case. Forty of such cases are in a ton, the explosives ton being 2,000 lb. only, as authorised by the Explosives Act.

GELIGNITE.—An excellent high explosive, a modification of gelatine dynamite (*q v*). Perhaps more of this substance is used than any other

individual explosive, with the single exception of gunpowder. It is exclusively utilised for commercial purposes, and consists of a gelatine formed of about 66 per cent. of nitro-glycerine, 4 per cent. of nitro-cotton, a dope of 12 per cent. of nitrate of potash, and 18 per cent. of wood meal, a special variety of sawdust. It is used for a variety of purposes, and is put on the market in the same way as gelatine dynamite.

GEM-CUTTING.—The art of cutting and polishing gems to enhance their beauty is an important and highly specialised trade. The treatment of each gem-stone and its form in the finished state depends mainly upon its hardness and natural crystalline characters. The stone is cut or ground upon a lapidary's wheel, using emery, bort or carborundum as an abrasive according to the degree of hardness. Diamond cutting and polishing forms a trade in itself, having its centre in Amsterdam. Diamonds are faceted by cutting with a knife or wire saw fed with diamond dust, and polished with the same material or by rubbing one diamond upon another. The form taken by the finished diamond is usually that of the brilliant, which consists of a double truncated pyramid having a large upper surface or table, and a smaller under surface or culet. The girdle or edge of the pyramid is held by the setting. The step-cut, used for emeralds and similar gems, has a parallel series of steps, the table form with bevelled edges is suitable for thin flat stones, and the cabochon with curved facets is used for opal, onyx, caruncle, etc. In the case of sardonyx and bloodstone for rings and seals, the stone is cut in the form of a flat table.

GENERAL ACCEPTANCE.—This is the name given to the acceptance of a bill of exchange (*q.v.*), often called also a "clean acceptance," which consists simply of a signature by the acceptor and the name of the place of payment.

GENERAL AVERAGE.—(See AVERAGE, GENERAL.)

GENERAL AVERAGE DEPOSIT.—(See AVERAGE, GENERAL.)

GENERAL AVERAGE DEPOSIT RECEIPT.—When a general average loss or sacrifice has been incurred it is usual for the shipowner to detain all goods, when the vessel reaches port, until the various consignees have appended their signatures to an average bond. On this document, which is usually prepared and presented by the shipowner's representative, each consignee must state the net arrived value of his goods. He is then called upon to pay as deposit a stated percentage of the declared value, and to undertake to pay any balance subsequently required by the average adjuster. Receipt for such balance is usually given on a standard form, known as Lloyd's general average deposit receipt. (See AVERAGE, GENERAL.)

GENERAL AVERAGE GUARANTEE.—(See AVERAGE, GENERAL.)

GENERAL CROSSING.—A cheque is said to be crossed generally when it bears across its face—

(1) The words "and Company" or some abbreviation of the same, between two parallel transverse lines, either with or without the words "not negotiable" (*q.v.*);

(2) Two parallel transverse lines simply, with or without the words "not negotiable." (See CROSSED CHEQUES.)

GENERAL DISTRICT RATE.—The general district rate was levied by urban district councils and

municipal corporations outside the metropolis to cover expenses incurred under the Public Health Act, 1875, and amending Acts. This rate has been abolished and a new General Rate (*q.v.*) substituted, thus bringing rating in the provinces into line with the general rate of the metropolitan boroughs, which includes poor law expenses and all local rates except the water rate.

GENERAL LIEN BONDS.—(See AMERICAN SECURITIES.)

GENERAL MEETING.—Every company must hold a general meeting once at least in every calendar year and not more than fifteen months after the holding of the last preceding general meeting (Section 64 of the Companies Consolidation Act, 1908). If the meeting is not held, the company, the directors, and every officer who is knowingly a party to the default is liable to penalties. If default occurs, the court may, on the application of any member, direct the calling of the meeting.

There are two main classes of "general" meetings, namely, "ordinary" and "extraordinary" general meetings. The distinction between them is explained in the articles (see Table A, clause 46 and 47). In practice, one "general" meeting is held in each calendar year for the transaction of "ordinary business," which includes the consideration of the accounts, balance sheet, directors' and auditors' reports, sanctioning a dividend, election of directors and auditors and fixing their remuneration. Any additional meetings are termed "extraordinary," and usually the business transacted thereat is of a special nature outside the scope of ordinary business, and this special business may necessitate the passing of extraordinary or special resolutions. Extraordinary meetings may be convened by the directors, either on their own authority or on the requisition of members, or by the members if the directors do not convene. (See Section 66 of the Companies Consolidation Act, 1908.)

Report of Proceedings at General Meeting. It is a great convenience to shareholders to be fully informed of what has taken place at meetings of companies in which they hold shares, and it is desirable, therefore, that printed reports of the proceedings of all general meetings should be forwarded to the members; this applies particularly in cases where there is any considerable number of the members residing at a distance from the company's headquarters. At the present time, investors have interests so many and varied that it is almost a physical impossibility for many individuals, even if they felt so disposed, to attend the meetings of all the companies in which they are interested; no company of any importance, therefore, should omit to issue these reports.

The chairman's speech should be given in full, for it will no doubt contain particulars as to the future prospects of the undertaking and such details regarding the policy which the Board proposes to pursue as it may deem prudent to disclose.

It should be borne in mind that a report of the proceedings at a general meeting of shareholders, if sent to the public Press, is not privileged in the event of it containing libellous matter, but if circulated amongst the shareholders only it is *prima facie* privileged. Another point to remember is, that should a report contain false statements and be adopted by the company and advertised in the Press, or the statements disseminated in some other manner, the company may be held liable to persons acting on the faith of such statements.

(See ANNUAL GENERAL MEETING, MEETINGS, COMPANY, STATUTORY MEETING)

GENERAL PARTNER.—(See PARTNERS (PARTNERSHIP))

GENERAL RATE.—The Rating and Valuation Act, 1925, is intended to "simplify and amend the law with respect to the making and collection of rates by the consolidation of rates." In order to achieve this end the council of every county borough, urban or rural district, becomes the rating authority for the district in which it exercises local government authority. The powers of the overseers (*q.v.*) in relation to making, levying, and collecting rates will, from the 1st of April, 1927, be transferred to the council which will be known as "the rating authority." The county borough is constituted a rating unit, and other areas may be so constituted by means of schemes submitted to the Minister of Health for his approval. In each area a new valuation list is to be prepared to come into force by the 1st of April in either 1928 or 1929, and a second new list to come into force on either the 1st of April, 1932, 1933, or 1934, and thereafter in five yearly periods. The valuation lists are in the hands of an assessment committee appointed, in the case of county boroughs, by the council, and in other areas appointed by the various rating authorities, the county council, and the board of guardians, in such proportions as the scheme provides.

As from the date of the first new valuation the rating authority will levy a consolidated rate, which will be called the **GENERAL RATE**, to meet the financial requirements of the area, including poor relief, education, police, and every other charge save "water rate," and certain other special charges such as church rate, etc., not common to all areas. The general rate is a uniform amount per pound on the rateable value of property within the rating area, and it will be recoverable from the person assessed, subject to the right to appeal against the assessment, in exactly the same way as the payment of poor rate was formerly enforced. This change brings the whole country into line with the metropolitan boroughs, which have for some time exercised the function of rating authorities.

The rate no longer requires the consideration and allowance by justices but becomes operative as soon as it is approved by the rating authority, and notice of the rate has been given within seven days in the manner required by law, namely, public advertisement either in the local Press or on church doors, or in other conspicuous places within the parishes affected.

Demand for rates is made by means of a demand note, stating—

- (i) the situation of the property rated,
- (ii) the rateable value and the not annual value,
- (iii) the rate in the pound which is charged,
- (iv) the period in respect of which the rate is made,
- (v) the amounts in the pound which are levied in respect of various authorities in the area, e.g. the council's share, the guardians' share, etc.,
- (vi) the amount of any additional item,
- (vii) the amounts in the pound levied for the principal services administered by the rating and other authorities whose finances are covered by the rate.

Where expenditure is undertaken by an authority not the rating authority, as for example in a non-county borough, the county council's claim in respect of highways, the amount required is claimed by

precept issued by the county council to the rating authority.

The Rating and Valuation Act, 1925, sets out the rules to be followed in the ascertainment of rateable value. In general, the first step is to ascertain the "gross value of the property," that is, the rent at which the premises might reasonably be expected to let from year to year if the tenant undertake to pay all usual tenant's rates and taxes, and tithe rent, if any, and the landlord undertake to bear the cost of repairs and insurance and other expenses, if necessary to maintain the premises in such a state as to command such rent.

The gross value having been ascertained, the next step is to classify the property in order to obtain the deduction to be made so as to arrive at the *net annual value*. In the case of houses and buildings (other than mills or factories) without land other than gardens, the amount of deduction from gross value is shown in the following table—

DEDUCTIONS FROM GROSS VALUE TO FIND
NET ANNUAL VALUE

Class of Premises	Amount of Deduction
1 Houses and buildings without land other than gardens, where the gross value does not exceed £10	40 per cent of the gross value
2 Similar property where the gross value exceeds £10 but does not exceed £20.	4 or 33½ per cent of the gross value, whichever is the greater
3 Similar property where the gross value exceeds £20 but does not exceed £40.	7 or 25 per cent of the gross value, whichever is the greater
4 Similar property where the gross value exceeds £40 but does not exceed £100	10 or 20 per cent of the gross value, whichever is the greater
5 Similar property where the gross value exceeds £100	20 together with 16½ per cent of the amount by which the gross value exceeds £100.
6 Land with buildings (not agricultural)	10 per cent. of the gross value
7 Land without buildings and agricultural land	5 per cent of the gross value

The net annual value of the foregoing classes of property having been ascertained, the rateable value is then required. Net annual value and rateable value are often the same, but in the case of agricultural land and buildings (other than dwelling-houses) occupied with and used solely for agricultural or market-garden purposes a further deduction of 75 per cent of the net annual value is made in order to ascertain rateable value. In areas subject to a local Act giving preference in rating, a deduction from net annual value is allowed to carry out the intention of the local Act.

Rateable value is calculated in complete pounds,

a fraction over 10s being called £1, and 10s or less being ignored

Machinery and plant for supply of power, lighting, heating, ventilation, and drainage, lifts and elevators for passengers' use; railway and tram tracks, and all plant of the nature of buildings, are deemed to be part of the premises and rated therewith, that is, are taken into consideration when gross value is ascertained. Otherwise, machinery and plant are not considered when value is being ascertained

The rating authority is required to prepare a draft valuation list, which is signed by the clerk and deposited at the council offices. A notice that the list is deposited is published and the county valuation committee is informed. Notice of assessment, gross value, net annual and rateable value must be served within seven days on every occupier of property which has not been previously assessed or where the valuation has been increased. The published notice must state the last day at which, and the manner in which objections to the draft list may be made, and the list must remain open to inspection for twenty-one days from deposit and then be sent forthwith to the assessment committee.

Any notice of objection must state the grounds on which it is made, and the assessment committee must notify the rating authority or the occupier, whichever is not the objector, within three days. Objections are heard by the assessment committee at any time after the expiration of thirty days from deposit of the draft list, but fourteen days' notice of any hearing must be given to the rating authority, to the objector and to the occupier, if he is not the objector.

There is an appeal to quarter sessions, and notice must be given within twenty-one days of the approval of the valuation list. The Act also makes provision for a resort to arbitration in a proper case. For procedure on appeal the Act should be resorted to, and it is always wise to secure the service of an expert in these matters.

GEOGRAPHICAL DISTRIBUTION.—The earth is approximately a sphere, but since the diameter between the poles is less than the diameter at the Equator, it is more correctly described as an oblate spheroid. The slight flattening, however, on the four faces on which the oceanic waters have collected and minor irregularities make the shape of the earth differ from the ideal oblate spheroid, and so the term *geoid* (earth-shaped) has been applied. At the Equator the diameter has been calculated to be 41,852,404 ft., and between the poles 41,709,790 ft., with a possible error of 250 ft. too great or too small.

The crust of the earth is called the lithosphere, and its central core (probably metallic, in form unknown to us) is termed the centrosphere or barysphere. The waters which cover its greater part form the hydrosphere, and its enclosing gaseous mantle is known as the atmosphere. Both animal and vegetable life are limited in distribution upward in the atmosphere, and downward in the lithosphere and hydrosphere, and the space between these limits is called the biosphere.

The greatest height attained by the land is about 29,000 ft. (Mount Everest) above the level of the sea, and the greatest known oceanic depth (31,614 ft.) occurs off the Ladrone Islands in the Pacific.

The Distribution of Land and Water.—The total area of the surface of the earth is about 196,940,000

square miles. Of this about 142,000,000 are occupied by the sea and 55,000,000 by land.

The land is massed chiefly in two great sections, which from historical reasons are known as the Old and New Worlds. Approaching each other very nearly at the Behring Strait, these two great land masses then rapidly diverge from each other, and just north of the Equator are separated by half the circumference of the globe. The land mass of the Old World lies almost wholly to the north of the Equator, and thus the world may be divided into a northern land hemisphere and a southern water hemisphere. It is noteworthy that because the earth is *geoid* in shape four-fifths of the lands of the Northern Hemisphere lie between 30° and 60° N. lat., where the variable climatic conditions urge man to vigorous effort, whereas four-fifths of the area of the southern land masses lie in regions too warm and monotonous to promote human progress, that the Northern Hemisphere contains thirteen times the land area of the Southern Water hemisphere, that the lands and oceans are very often triangular in shape, the land triangles tapering to the south, the oceanic to the north, that the distribution of land and water is antipodal, that the lands of the world form a nearly complete ring around the Northern Hemisphere and project southward from the ring in three pairs of continents, that the oceans form a complete circle around the Southern Hemisphere and project northward, gradually tapering between the widening lands, and that at opposite poles there are the deep Arctic Sea and the high Antarctic Plateau.

Cut off from each other, more or less, by the continents (Europe, Asia, Africa, the Americas, and Australasia), are those great continuous divisions of the hydrosphere, the oceans. South of 40° S. lat. lies the Southern Ocean, which in 60° S. lat. completely encircles the globe, the term, Antarctic, is applied to its southern edge. Northward, stretch the three great oceans—Atlantic, Pacific, and Indian. The S-shaped Atlantic, the sea-canal between the Old and New Worlds, lies open to the Norway and Arctic Seas. It was the first ocean to be crossed, it has the busiest trade routes, and it receives no less than half the river drainage of the world. Larger and broader, the somewhat neglected and mis-named Pacific, an immense oval basin, is almost land-locked to the north, and promises with the awakening of the Far East greater commercial activity on its wide waters. The Indian Ocean, the feeder of the monsoons, is closed in by the continent of Asia, and though now a highway of great and increasing trade, it carried little commerce till the sixteenth century. Arctic ice makes both north-east and north-west passages from Western Europe to the Far East still impracticable (though accomplished), but the Magellan and Cape routes have been utilised for several centuries, and isthmian canals through Panama and Suez now facilitate communication between east and west.

The Distribution of Land Forms. The lands of the world are built on three main types of structure—massive raised blocks, crumpled bands, and widespread sheets of sediments. Of these, the oldest are the massive earth-blocks, which consist wholly or have a very wide foundation of very old rocks, and have stood above sea-level throughout all geological time. They have been termed the earth's "Coigns," and include Scandinavia, Labrador, the Deccan of India, most of Western Australia, the highlands of eastern Brazil, and much of tropical Africa. More

widely distributed are the crumpled bands, which are now in two conditions, dependent mainly on age. The younger lofty fold mountains are in long continuous bands, and are well seen in the Alpine-Himalayan mountain system, which traverses Eurasia along a sinuous line from east to west, and the Circum-Pacific mountains, consisting of the western mountains of North America, the Andes of South America, and the mountain fragments forming a chain of islands from Japan to New Zealand. The older and less lofty fold mountains have been broken up and weathered, and are found as scattered highlands, leading examples being the plateau of Bohemia, the Harz mountains, and the Appalachians. Between the "Coigns" and the folded belts are the broad lowland plains of comparatively young sedimentary rocks, chief of which are the great Eurasian plain, the lowlands of the Amazon, Orinoco, and Plate, the great Central Plain of North America, and the smaller plains of the Tigris-Euphrates, Indus-Ganges, Hwang-ho, and Yang-tse-Kiang.

The Distribution of Daylight and Temperature.

The sun shines on every part of the earth during a total of six months in the year, but the distribution of sunshine throughout the year varies greatly between the Equator and the poles. At the Equator the days and nights are practically equal throughout the year, extension of the length of the day to 12 hrs 6 min being due to the refraction of the sun's rays by the atmosphere. As we get farther from the Equator, the length of the day at midsummer increases, and the length of the day at mid-winter decreases to a similar extent. At 20° the longest day is 13 hrs 18 min, and the shortest 10 hrs 52 min. At 50° the times are 16 hrs 18 min, and 8 hrs 0 min., at 60°, 18 hrs 44 min, and 5 hrs 44 min., at 65°, 21 hrs. 46 min and 3 hrs 24 min. At 66½°, the latitude of the Arctic and Antarctic Circles, the longest day is 24 hrs. long and the shortest 0 hrs. long. In other words, the midnight sun of summer is balanced by the midday darkness of winter. Within the Circles the length of the longest summer day and the longest winter night increase to a week, a month, two months, and so on, until at the poles themselves the longest day is six months long and the longest night also six months, so that day corresponds with summer and night with winter.

If the average annual temperature of a large number of places all over the world is taken, it is found that the warmest parts of the world lie approximately between the tropics, and that towards the poles the temperature falls gradually until perpetual snow and ice are encountered.

For convenience of description, the terms *hot*, *temperate*, and *cold* are applied. This arrangement corresponds with the average height of the sun. All places within the tropics have the sun directly overhead twice during the year, and at a considerable midday altitude during the rest of the year. On the Equator this altitude is never less than 66½° above the horizon. Outside the tropics the altitude of the sun at midday gets lower, until on the Arctic and Antarctic Circles (66½° from the Equator) the sun is never higher than 47° above the horizon in summer and is on the horizon in mid-winter at noon. Within the Circles the greatest altitude becomes less and less, until at the poles the sun is never more than 23½° above the horizon. But while this symmetrical arrangement of hot, temperate, and cold zones holds, when a whole

year is considered, the actual, or even average monthly, conditions vary considerably.

A line passing through the hottest parts of the globe, after corrections to sea level have been made, is called the heat Equator. In January, when the sun has been farthest south and is returning, the heat Equator is an irregular line lying on both sides of Capricorn. It then moves northward until in July it lies on both sides of Cancer. With this movement of the heat Equator the other temperature belts move also.

The effect of the sun's rays varies with its height above the horizon, being least when it is actually on the horizon and greatest when at the zenith. The greatest amount of insolation will, therefore, be experienced at noon when the sun is nearest the zenith; but owing to the fact that more heat is generally received at any place before noon than is radiated by the earth, the highest temperature during the day is after midday, being in summer, in England, between 1 and 2 p.m. At night, when heat is being radiated by the earth and none received, the coldest period is between midnight and dawn, unless other conditions intervene.

When a whole year is considered, there is a similar distribution of temperature over the greater part of the world. Most heat is received during a period immediately before and after June 21st in the northern hemisphere, but the hottest month is usually July. In the winter, January is the coldest. In the southern hemisphere, conversely, January is the hottest month and July the coldest.

Range of Temperature. Range of temperature, or difference between the highest and lowest average temperature during certain periods is least in the oceans, and most in those parts of the land farthest removed from the ocean; it is also smallest at the Equator and greatest toward the poles. Then, too, in a region of considerable rainfall and abundant vegetation there is a less range than in a rainless region practically devoid of vegetation. This is particularly noticeable in the Sahara sometimes being followed by very cool nights. The "cold pole" of the northern hemisphere is not, as might be expected in the Polar regions, but in the neighbourhood of Verkhoyansk, in Siberia, where at 400 ft above the sea the average temperature for January is 60° below zero F, or 92° of frost. Verkhoyansk, also, has the greatest range of temperature known, for while the average range in oceanic islands on the Equator is only 3° or 4°, and that of London 26°, it has a range of 120°, *i.e.*, from 60° below zero in January to 60° above in July.

Vertical Distribution of Temperature. In all parts of the world an increase in the height of the land leads to a decrease in temperature, but the rate of decrease is modified considerably by latitude, rainfall, and the relative height of the surrounding country. In Africa, on the Equator, only those mountains that rise above 17,000 ft. are above the line of perpetual snow. In Britain, snow sometimes lies throughout the year in sheltered corners of Ben Nevis, where a few hundred feet would carry the mountain to the line of perpetual snow. In the west of North America, in the great plateau region, the snow line is much higher than might be expected from the altitude. This is due, no doubt, to the general high level of the country; and if isolated mountains sprang straight from the sea level instead, the snow line would doubtless be lower.

The Distribution of Winds. Winds are simply streams of air, which are named according to the direction from which they blow. Just as liquids seek their own level, moving from points of higher to those of lower pressure until equality of pressure is attained, so the air moves from the regions where the pressure is high towards those regions where the pressure is low, seeking to attain a level surface. Variations in atmospheric pressure are the results of alterations in temperature and of the increase or decrease of the amount of water-vapour held by the air. An increase of temperature produces a diminution in the density of the atmosphere, and a consequent diminution of pressure, and the greater the amount of water-vapour present in the atmosphere the less is the pressure.

The great differences of temperature that affect the circulation of the air are (1) between the high temperatures of the Equatorial regions and the lower ones towards the poles, and (2) between the continents and the oceans.

The movements due to (1) are sometimes called the planetary circulation. If there were no large continents to disturb the arrangement, the following belts of winds and calms would be set up—

- (1) North Polar system
- (2) Westerly and south-westerly system.
- (3) Calms of Cancer.
- (4) North-east trades.
- (5) Doldrums or Equatorial calms
- (6) South-east trades.
- (7) Calms of Capricorn.
- (8) Westerly and north-westerly system
- (9) South Polar system.

These systems are set up in the following manner: The heating and consequent rarefying of the air in the neighbourhood of the Equator gives rise to a flow of air on either side, forcing the heated air upwards. The belt where the air is rising has practically no wind, and is known as the Doldrums, or the belt of Equatorial calms. The flow of air from the north and south constitutes the trade winds; but, on account of the rotation of the earth, these actually blow from the north-east and south-east. The air that rises in the Equatorial belt of calms moves northward and southward towards the poles and above the trades, so that when it carries clouds with it they can be seen moving at a high altitude in an almost opposite direction to the trade winds on the surface of the earth. In the neighbourhood of the tropics the high currents begin to descend, and since when air is descending, as when it is ascending, little wind is felt, two belts of calms—the Calms of Cancer and the Calms of Capricorn—are set up. The regions where these are experienced are known as the horse latitudes. On approaching the earth, part of the descending air flows into the trades again and part continues towards the poles near the surface, giving rise, on account of the deflection due to rotation, to the south-westerly and westerly winds of the northern hemisphere and the north-westerly and westerlies of the southern.

All the continents exercise a modifying influence on the planetary circulation, more especially in the Old World, where the monsoon system of Asia completely effaces it. Monsoon systems associated with the other continents hold sway only at certain seasons.

The planetary winds that are best developed are those of the southern hemisphere, where the

westerlies, known as the "brave west winds," blow almost entirely across the ocean.

As the position of the Doldrums depends upon the position of the heat Equator, they move north and south with it, and so, too, do the other systems. This north and south swing is most noticeable in its effects on rainfall.

The monsoons of Asia, which exercise such a profound influence over India, China, and the neighbouring lands, are due, broadly, to the fact that in summer the land is much hotter than the sea, so that there is a flow of air from the sea to the land; while in winter the land is much colder than the sea, and, consequently, the flow of air is towards the sea.

In India this alternation expresses itself in the wet south-west monsoon of summer and the cool north-east monsoon of winter. In other countries the directions are different, but the movement from sea to land in summer and land to sea in winter is the same.

The Distribution of Rainfall and Climate. *Rainfall.* The maximum rainfall occurs in a band stretching north and south of the Equator from 15° to 20° N and S, where air ascends, especially when the Sun is in the zenith at noon (the west coast of South America from 0° to 30° S lat is an exception). The lofty chains of the Himalayas and the adjacent ranges, combined with the influence of the monsoon winds, give south-eastern Asia a very heavy fall, the absolute maximum occurring on the slopes of the Khasi Hills of Assam, where Cherrapunji has a mean annual fall of 488 in. Outside of the equatorial zone there are no large areas of heavy precipitation, though narrow bands are found in the east coastal belts in the trade-wind areas, and also to a lesser degree in the west coastal belts in the storm-wind areas (35° to 70° N and S lat). The regions of minimal precipitation occur in circum-polar regions, in tropical regions, and, generally, in the interiors of continents, especially on plateaux surrounded by high mountains. Copiapo, on the west coast of South America, with an annual fall of 3 of an inch, is the driest place known.

As regards seasonal rainfall, the Equatorial zone has rain throughout the year, with, at the Equator itself, two maxima at the equinoxes, and two minima at the solstices. As the distance from the Equator increases, the interval between the two maxima decreases, for the two periods of passage of the sun more nearly approach. The tropics have wet summers and dry winters. In the monsoon areas the rains are typically summer rains, but local conditions often induce modifications. Thus Madras gets autumn rains, and southern China has no dry season. In the typical "Mediterranean" regions the rains come in winter, in early winter near the sea and in late winter inland. In higher latitudes the western marginal lands have rain at all seasons, but most in winter, and the eastern marginal lands have most rain in summer.

Climate. The Equatorial type of climate prevailing near the Equator (i.e., Amazon and Congo basins) is one of very high temperature and heavy rains throughout the year, and small mean annual range of temperature. On both sides of the Equatorial lands are the Tropical Belts which have heavy rains at the season of the summer solstice when the heat is very great, and have a drier season at the winter solstice, when the heat is less great. Very similar to the tropical climate is that of the tropical monsoon lands (i.e., India and Siam), which

are very wet during the season of the summer monsoon, and sometimes very dry during the season of the winter monsoon.

Over the greater part of the tropical zone the trade winds blow regularly from relatively cooler to relatively warmer regions. They remain dry so long as their course is over the sea or low-lying land, depositing moisture only when compelled to expand upwards by land barriers. Generally, the eastern slopes of high lands in the trade wind belts have a heavy rainfall, low-lying lands and the western slopes are relatively dry, sometimes exhibiting desert conditions. More than half of the lands lying in the trade-wind and high-pressure belts consist of deserts. They include the Sahara, Central Australia, Kalahari, and Atacama deserts. Striking contrasts in rainfall are afforded by the heavily watered east coasts and the much drier west coasts of Central America, the West Indies, the East Indies, Madagascar, and Ceylon. The coasts of Guiana and south-east Brazil have a heavy rainfall, while the Pacific coast of South America from 0° to 30° S lat is rainless, the inhospitable conditions being accentuated by the cold Peruvian current which bathes the shores. Other arid regions lie between the Brazilian highlands and the selvas of the Amazon and leeward (i.e., westwards) of the mountain barrier of South-east Africa. Arid climates are found, therefore, in the trade-wind and high-pressure belts, and in the interior of the continents (i.e., Gobi desert of Asia). Owing to the dry conditions and lack of clouds, insolation is very great in arid regions, the days are intensely hot, and the nights extremely chilly. Just beyond the tropics, on the eastern margins of the continents, are regions with hot, moist summers, and mild, sometimes dry winters (i.e., Central China and Eastern Australia).

On the western coasts of the continents in latitudes approximately 28° to 40° in both hemispheres, owing to the migration of the Equatorial low-pressure belt, the climate is controlled by the trade winds (in summer) and the westerlies and cyclonic and anti-cyclonic systems (in winter), and is characterized by hot, dry summers and mild wet winters. The mean temperature of the coldest month rarely reaches freezing point. This type of sub-tropical climate is known as the *Mediterranean* climate, because it extends over a greater area in southern Europe and northern Africa, and eastward to Persia, than in any other part of the world. California, central Chile, and the south-western coasts of Africa and Australia are favoured with similar climatic conditions.

In higher latitudes than the "Mediterranean" lands are the regions with Temperate Climates, marked by seasonal variations of temperature rather than of rainfall. In such regions (i.e., the British Isles, British Columbia, Tasmania), the westerlies are the prevailing winds, the summers are cool and the winters mild; while relief and cyclonic rains fall at all seasons. Owing largely to the great preponderance of water over land in the Southern Hemisphere, the South Temperate Zone, as a whole, shows much smaller annual variations in temperature than the northern, and more strictly deserves the title, temperate. In this zone, moreover, the "brave west winds" are but little affected by cyclonic and anti-cyclonic whirls.

In the interiors of the northern continents in the westerly wind belt a *Continental* type of climate prevails with desert type in places (i.e., the Great Basin in North America). The winters are severe,

the summers hot, and the rainfall low, falling chiefly in summer, when the summer monsoon and cyclonic conditions are present. There is only a moderate snowfall in the cold winter. Central Canada, the northern prairie states of the United States, and Siberia are typical examples of regions with a continental or steppe climate. The coastal regions to the east of these continental regions, on account of their nearness to the sea, experience a heavier rainfall (chiefly due to cyclones), and a very heavy snowfall. Prevailing off-shore winds and cold currents along the shores make the winters very severe. Such moderated continental type of climate is found in eastern Canada and Manchuria.

The North and South Cold Caps (sometimes called Polar and Frigid) have the lowest mean annual temperature recorded. In summer they are never warm, and the winters are intensely cold. Rainfall is scarce, especially in winter, the air being so cold as to be capable of holding but little moisture, and the warmest month has a temperature below 50° F.

Mountain and plateau climates differ from those of the lowlands in all parts of the world. The air is at a lower pressure and temperature, the surface of the mountain or plateau being more freely exposed to solar light and heat and to more rapid radiation is, therefore, subject to greater ranges of temperature, and, generally, a more abundant rainfall occurs. Lofly mountain ranges (depending upon their location) may exhibit, at various altitudes, climates ranging from the Equatorial to the polar Arctic type. It must be noted that climate changes very gradually from one type to another, and no exact limit can be fixed between one type and its neighbour.

The Distribution of Vegetation and the Chief Economic Plants. *Vegetation.* The vegetation of the world falls into three main types: Forests, Grasslands, and Deserts. Wherever the relation between temperature and rainfall permits moisture to be always or nearly always available in the soil for plant utilisation, perennials represented by trees are the natural vegetative type. Where moisture is too deficient for plant-existence during some season or seasons of the year, the plants germinate during the moisture period, and pass through the various processes necessary to produce seeds capable of retaining their vitality under extreme climatic conditions, while they, themselves, succumb, when their environment becomes too severely hostile. The annual type of vegetation thus prevails, the grasses, cultivated and wild, being the characteristic members. Regions possessing the sparsest vegetation are the dry deserts, which have insufficient moisture in relation to the temperature; and the cold polar deserts—physiologically dry except in the brief summer—where most rigorous temperature conditions almost prohibit plant life.

Dense Equatorial Evergreen Rain Forests stretch across Africa in a band from 100 to 200 miles broad on the north of the Gulf of Guinea, and then broaden to cover the most of the Congo region to the Great Lakes. In South America they extend over the basin of the Amazon (Amazonian selvas) and fill the valleys of other Brazilian rivers. Similar forests are also found skirting the coast lines of the Malay Peninsula and Archipelago; and in Assam, Burma, and Bengal. Among the most important economic trees and plants found in these forests are the various rubber and gutta-percha vines and trees, the valuable hardwoods—mahogany, gignum vitae,

sandalwood, and rosewood; the dyewoods—logwood and brazil-wood; the prolific banana and plantain plants, the baobab, bamboo, and cinchona tree, and numerous varieties of palms.

In the true tropical monsoon regions in India, Burma, Indo-China, and northern Australia, and on the margins of the Equatorial rain belt in Africa, around the shores of the Gulf of Mexico and the Caribbean Sea, and the north and eastern portions of South America, stretch the Monsoon Rain Forests of more open formation than the Equatorial. They yield teak, sal, mahogany, logwood, the oil palm, the kapok tree, and the shi-butter tree.

A low type of tropical woodland, the Tropical Thornwood or Caatinga, of varying aspects—close jungle, park-like formation, close treeless bush, and open formation with patches of bush and cacti—is found in north-eastern Brazil, Mexico, and Central America, the Lesser Antilles, Venezuela, and the Guianas, western and eastern Sudan and East Africa, parts of the Deccan, and the hinterland of northern Australia. Low thorny tree-bushes are interspersed with prickly candelabra cerei, acacias, and cacti.

Savannas or tropical grasslands, with widely scattered drought-resisting trees, include the parklands of Africa (in the Sudan and East African highlands, and round the Kalahari desert as far south as Natal), the Venezuelan llanos, the Brazilian campos, and the Australian downs; and they occupy a circular belt around the central desert of Australia, some of the drier parts of India, Farther India, East and Central America, and the high-lying regions of the East Indies and Madagascar. Their utility is as pastoral regions.

Tropical scrubs or semi-deserts form a transition between the deserts proper and the savannas, or between the deserts and the caatingas. Among the various types are the thorny cacti of Arizona, the succulents and dwarf acacias of East Africa, the creosote bush wastes of Mexico, the yucca and agave of Texas, the mulga scrub of Australia, the euphorbia barrens of Sokotra, and parts of the South African Kalahari desert and Karroo.

Old-World deserts, tropical and extra-tropical, passing into acacia scrubs on the Equatorial side and to poor steppes on the polar side, stretch almost continuously from Mongolia to the African shores of the Atlantic, embracing the great Sahara with its stony, pebbly, gravelly, and sand-dune aspects; the Arabian with its vast seas of moving sand and wastes of stone and lava, the wormwood wastes of the Caspian; the saxaul and tamansk heaths of Iran and Turan, the partly reclaimed Indus desert; and the desolate Gobi or Shamo. Other deserts include portions of California, Arizona and Mexico; the coastal deserts of Peru, Chile and South Africa, and the Great Central Desert of Australia.

Sub-Tropical or Warm Temperate Rain Forests occur in the lowlands of the southern states of the United States from Cape Hatteras to eastern Texas, in south Brazil, and in the higher valleys of the Parana, Paraguay, and Uruguay; in central and south China, north-east India, Burma, Indo-China, Chile, Formosa, and south Japan; in the eastern coastal districts of Australia, in Tasmania and New Zealand; and in the narrow hilly strip along the African coast from Mossel Bay to Algoa Bay. Among the chief trees are eucalyptus, kauri pine, white and yellow pine, maple, laurel, cypress, magnolia, chestnut, sycamore, oak, ginkgo, beech, incense, tea, and kahikatea.

Mediterranean Woodlands of dry evergreen (or ever-grey), hard-leaf forests, woods and scrubs are displayed north of the desert belt in California, in the bordering lands of the Mediterranean Sea, in the south-west of South Africa, in south-western Australia, and in the valley of central Chile. Their typical trees are the cork oak, oleander, myrtle, olive, carob, orange, terebinth, fig, rosemary, cedar, juniper, cypress, walnut, manna oak, chestnut, and plane.

Intermediate between the "Mediterranean" and the sub-tropical forests are the eucalyptus forests of south and east Australia, the araucaria forests of south Brazil, and the quebracho forests of the South American Chaco.

Temperate scrublands embrace the mulga, mallee, and brigalow scrubs of Australia, the chaparral of Arizona, New Mexico, Mexico, and California, and the sage brush of Asia Minor, Central Asia, and Australia, the Great Basin, Mexico, the Kalahari plateau, the Karroo, and southern Argentina.

Temperate grasslands, consisting of steppe, prairie, pampa, and veld, are usually found in the hearts of continents, and embrace the prairies and high plains of Canada and the United States, the pampas of Argentina, the South African high veld, and parts of the Karroo, the Eurasian steppes between the northern Siberian forests and the central deserts from Manchuria and Korea to southern Russia, the Hungarian puszta, and parts of Bulgaria, Rumania, Italy, and Spain. The better-watered parts of these grasslands are among the world's chief granaries.

Cool Temperate Broad-leaved Deciduous Forests exist, either in patches or in continuous formation, in central and western Europe, north of the Alps and Pyrenees, in Russia, in a belt wedged between the northern coniferous forest and the southern steppes, dying out towards the Ural; in Amuria, north China, and Japan; on both sides of the Appalachians, westward beyond the Mississippi, and northward to the Great Lakes, in Patagonia, southern Chile, and Tierra del Fuego, but are almost absent in Africa and Australia. Among the trees are the oak, elm, ash, walnut, maple, beech, chestnut, sycamore, magnolia, poplar, aspen, and camellia.

Coniferous, or Needle-leaved Forests, extend almost uninterruptedly over the north of America and Eurasia, and are the chief source of useful soft timber. Pines, firs, spruces, and larches are the typical trees.

North of the coniferous forest line on mainland and islands stretch the desolate Tundras of Eurasia and the barren lands of Canada, bleak expanses of waste land with a scattered, stunted vegetation of mosses, lichens, and dwarf berry-bearing bushes, whose active life is limited to two or three months. Nearer the poles are the ice deserts, perpetual sheets of ice and snow, almost devoid of life.

Mountain regions (depending on their location and altitude) may exhibit every type of vegetation, and it is important to note that Nature fixes no boundary line between one type of vegetation and another, but each type merges gradually into the other.

THE CHIEF ECONOMIC PLANTS *Wheat* (spring and winter types) is a product of temperate latitudes, and prefers a clayey loam soil. It is the chief bread product of the white races, and is most largely grown in the United States, the Ukraine, Russia-in-Europe, France, India, Siberia, Canada, Egypt, and Argentina.

Maize requires deep, rich, warm, mellow soils, and higher summer temperatures than wheat. The most important producing regions are the United States, Argentina, Rumania, Hungary, Italy, India, Mexico, Brazil, South Africa, and eastern Australia.

Rice, the principal food of the yellow races, requires high temperatures and fields that may be flooded at will. India, China, Japan, Burma, Indo-China, the East and West Indies, Egypt, the plain of Lombardy, and the lower Mississippi valley are the chief regions of rice cultivation.

Sugar is obtained chiefly from the sugar-cane and white sugar-beet. The sugar-cane is a tropical grass, which requires abundant heat, moist, rich soils, and a lowland situation. Most of the cane-sugar is supplied by Cuba, Java, Hawaii, India, Puerto Rico, the Guianas, Brazil, Mauritius, China, Natal, Queensland, the East and West Indies, and the Mississippi delta. Sugar-beet needs careful cultivation, but thrives on comparatively poor soils in a temperate climate. Holland, Belgium, north France, north Germany, Austria, Russia, the United States, Canada, Czechoslovakia, and Poland, are the chief producing areas.

The Vine needs a long summer with fairly great sun heat in the late summer and early autumn, and warm soils retentive of moisture, such as chalk and limestone. France easily leads the world in quality and quantity of its vine production, followed by Italy, Spain, Portugal, Germany, Hungary, central Chile, South Australia, Victoria, New South Wales, the Cape of Good Hope Province, Argentina, and south-west Russia.

Tea. The tea plant is sub-tropical, and thrives best on the hill slopes, once covered by monsoon forests. There are two kinds of tea-plants, the highland which produces the finer quality, and the lowland which is the more prolific. India, Ceylon, China, Japan, Java, Natal, Formosa, and Fiji, are the most important producing regions.

Coffee. Like tea, coffee is of two main varieties, the "Arabian" highland type being the finer in aroma, and the "Liberian" lowland type the more prolific. It is grown at lower levels than tea, requires rich soils, tropical heat, and shelter from violent winds and too direct sun heat. Brazil (the bulk), Bolivia, Arabia (Mocha), Jamaica, Guatemala, Costa Rica, Mysore, Haiti, Santo Domingo, Mexico, Java, India, Venezuela, Nyasaland, Uganda, and Hawaii are the chief world producers of coffee.

Cacao or *Cocoa* is essentially an equatorial product, requiring shelter from winds and direct sun heat, volcanic soils, much moisture, and a lowland situation. The chief producing regions are the Gold Coast Colony, Ecuador, Venezuela, the West Indies, Trinidad, Brazil, Santo Domingo, Nigeria, São Thomé, and Principe.

Cotton requires light limestone soils or fine sandy loams, safety from frost, salt in the soil or in the air, a moderately high and even temperature and humidity, and six to seven months of warm weather. The chief cotton-producing regions are the south-eastern states of the United States from the Carolinas to Texas (Sea Island and Upland), Egypt (Sakel and Jannovitch), India (short-stapled), China, Peru, Brazil, Mexico, Persia, Turkestan, West Africa, the West Indies, Uganda, and Japan.

Rubber is the latex of several species of tropical trees and plants. Until recently it has been obtained mainly from wild trees and vines in the wet equatorial forests of America, Africa, and Asia; but now the cultivation of rubber trees as a plantation

product is becoming increasingly important in Ceylon, the Malay Peninsula, Sumatra, Java, and India.

The Distribution of Animals. The animals of the world are divided into six great regions, which are separated from each other either by the ocean or by some great land barrier: (1) The Palaearctic Region extends across Europe and Asia, and is bounded on the south by the Sahara, the desert of Arabia, and the great Highlands of Central Asia. These deserts and highlands form barriers between the different regions as effective as a wide ocean. South of the Sahara, in Africa, is (2) the Ethiopian Region. South of the highlands of Asia is (3) the Oriental Region, which includes India, the south part of China, and the intervening peninsulas. To the south-east of this is (4) the Australian Region. The islands lying between these are sharply divided into Oriental and Australian sections. The two Americas, separated from the other regions by broad oceans, are themselves divided into (5) the Nearctic Region of the north and (6) the Neotropical Region of the south. Between these the desert regions north of the tropic, the mountain area of Mexico, and the narrowness of the isthmuses of Central America form a very effectual barrier.

The number of wild animals of economic importance is rapidly becoming less. Furs and skins are obtained from all the regions to a greater or lesser extent, but the most valuable are undoubtedly those of the thick-coated animals in the north of the Palaearctic and Nearctic Regions. In the Ethiopian and Oriental Regions the elephant is of importance as a source of ivory, and in the latter as a means of transport also.

With the opening up of the great plains of North America and Siberia in the north and Argentina, Australia, and New Zealand in the south, together with South Africa, the distribution of domestic animals has been greatly extended. In these countries, unlike Britain and the greater part of the continent of Europe, where animals are kept on farms, sheep and cattle, and, to a lesser extent, horses and swine, are raised in enormous numbers in sparsely peopled lands.

Of sea animals of economic value, the most important are the seal and the whale. These, like many of the land animals, are threatened with extinction, on account of the wholesale slaughter carried on for the purpose of securing skins and oil. In the case of the seal, the number to be slaughtered each year is regulated by the Governments of the countries on whose shores the animals live.

The Distribution of Domestic Animals: Cattle. Cattle are bred mainly for either milk or meat, though in India they are used chiefly for draught purposes. When kept for meat they are usually associated with the sparsely populated newer lands, which have abundant natural pastures; while the older, more densely populated, and often wetter lands, specialize in dairy cattle. The great cattle countries of the world are: India (120,000,000, chiefly for draught purposes and hides), the United States (60,000,000—meat and dairying), Russia (probably 50,000,000, chiefly for hides, bones and tallow), Argentina (29,000,000, chiefly for meat), Germany (20,000,000—meat and milk), France (84,000,000—meat and milk), and the British Isles (12,000,000—meat and milk).

Sheep. Mutton, wool, tallow, and sheep-skins contribute a very important share to the wealth of sheep-rearing countries. Excellent frozen mutton

is exported from New Zealand, east and south-east Australia, Argentina, and Uruguay. Tallow and sheep-skins are exported from all the mutton-producing regions, and, in addition, they come from the Falkland Islands, South Africa, and Central Asia.

Pigs. Pigs are reared in all non-arctic countries except those with a Mohammedan population. Most pigs are bred in maize-producing countries, especially the United States, and in the dairy-farming countries, where the best types are found. The leading countries are the United States, Germany, Austria, Hungary, Russia, France, China, Canada, South Africa, Argentina, Rumania, Yugo-Slavia, Denmark, Ireland, and Great Britain.

Horses are bred mainly for draught purposes. All civilized lands breed horses, but the largest numbers are found in the United States, Russia, Argentina, Venezuela, Brazil, New South Wales, Hungary, and North Africa.

The Distribution of Population. Europe, with Britain, India, and China, contain together three-fourths of the population of the world. India and China are agricultural countries, able to support enormous populations, on account of their well-watered plains and abundant sunshine. In Europe the most densely peopled areas are where the presence of coal and other minerals gives rise to great industries. To supply food to those so engaged, intensive farming is carried on in the neighbourhood, thus augmenting the density of population in these areas. In Britain, we have London with about 7,500,000 inhabitants, the largest city in the world, surrounded, however, by thinly-peopled regions; while in a circle of 25 miles' radius with Manchester as the centre, there are between 8,000,000 and 9,000,000 inhabitants, probably the densest population to be found anywhere in the world. In Asia, the Delta of the Ganges-Brahmaputra and the low plains around the mouth of the Yang-tse-kiang are the most thickly peopled. Outside India and China, and the islands of Honkō (Japan) and Java, Asia has a very small population indeed, great stretches, as in the Gobi desert and the frozen shores of the Arctic, being practically uninhabited. Chaotic conditions in Russian Siberia still prevent the attraction of population along the route of the Trans-Siberian Railway, but given settled conditions much land could be devoted to agricultural production, and would support a fairly dense population.

In Africa, the most thickly-peopled country of Egypt and the uninhabited Sahara lie close together, Egypt being really a large oasis. Elsewhere in Africa, except in the neighbourhood of large cities belonging to European peoples, the west coast, from Cape Verde through Upper and Lower Guinea, with the basins of the Niger and Congo, has most people.

In North America the 100th meridian marks roughly the limit of rainfall in the United States sufficient to support agriculture, and is, consequently, the limit of the population of the Mississippi basin. In Canada, the population is thickest from Lake Huron eastward along the north of Erie and Ontario, and then along both shores of the St. Lawrence. The extension of railways and the aid given to agriculture, however, are attracting people across the continent, as in Siberia, but to a greater extent.

In Central America, Mexico and Salvador are

the chief centres of population. In South America a few stretches of coast in Chili, Brazil, Peru, Venezuela, especially in the neighbourhoods of large towns, contain nearly the whole population of the continent.

In Australia the great desert limits settlement on any scale to the east and south-east coast regions and the extreme south-western corner. There is no real reason why Australia should not normally provide a home for large numbers of people from other lands. The rate of immigration in the past has been very largely influenced by political considerations, and the distance of the continent from Europe.

The total population of the world is variously estimated at from 1,700,000,000 to 1,800,000,000. Of these people more than half are in Asia; about a quarter in Europe; a ninth in Africa; a tenth in America; and not more than one two-hundredth in Australia and the surrounding islands.

Europe is the most densely populated continent, with over a hundred and ten people to the square mile, while Australia is the most sparsely populated, having only two to the square mile.

Racially, the Caucasian or white race is the most numerous, forming about half the total, then come the Mongols or yellow races, forming about one-third of the total; while about one-eighth are Ethiopians or blacks. The bulk of the remainder are American Indian, and kindred races.

GERANIUM OIL.—An oil distilled from the leaves and flowers of the *Pelargonium radula*. It is imported from Algiers. The name, however, is frequently applied to several kinds of essential oil of rose-like fragrance, which are used as substitutes for oil of roses.

GERMAN REPARATION (RECOVERY) ACT.—A law (now obsolete) which imposed a levy on each consignment of goods imported into the United Kingdom from Germany, unless they were shown to have been in transit from some other place of origin. The measure, which caused considerable controversy, came into operation as from April 1st, 1921, and was withdrawn in 1923 upon the satisfactory settlement of terms for the bulk payment by Germany of the appropriate sums through the Reparation Commission.

The procedure was for the British importer to pay to H. M. Customs a specified percentage of the f.o.b. value of each consignment of goods he imported. The goods were declared on a special Customs form (No. 140 (sale)), and in exchange for his payment the importer received an official receipt (Form No. 280) which was transmitted to the German shipper as evidence of payment. At the same time the commercial invoice was short-paid by the like sum. The German sender then recovered the balance of his invoice from his own Government. Thus were reparation payments made from Germany to Britain.

The percentages of the f.o.b. value payable by way of levy were as follows—

From April 1st, 1921	50%
„ June, 1921	26%
„ February 26th, 1924	5%
„ September 9th, 1924, until repeal of Act in 1925	26%

GERMAN SILVER.—A hard, silvery white alloy of copper, nickel, and zinc in proportions varying according to the purpose for which it is required. It can be spun as well as Britannia metal, and it is largely used as the base of electro-plated goods, in

which case the alloy consists of 50 parts of copper, 30 of zinc, and 20 of nickel. Many spoons, forks, and other articles are made of German silver alone, but these soon lose their bright appearance. Silveroid, argentoid, navoline, and nickeline are newer substances, closely resembling German silver, but containing an admixture of tin, cadmium, or other metal. German silver is frequently known as nickel silver.

GERMANY.—Position, Area, and Population. Before the Great War of 1914-1918, the powerful German Empire had an area of 208,789 square miles, and a population exceeding 65,000,000. Its population had increased over 40 per cent in a generation, its colonies had grown to the extent of over 1,100,000 square miles, and it had attained a leading position in the world's industry and commerce. By the Treaty of Versailles, the "Reichsland" of Elsass-Lothringen (Alsace-Lorraine) and the Saar coal basin (temporarily, plebiscite in 1934), were ceded to France, parts of Posen and West Prussia to the newly-formed Republic of Poland, North Schleswig to Denmark, and Moresnet and Malmédy to Belgium. Memel City, with adjoining territory, has been ceded to Lithuania, Danzig has become an independent City-State, and part of Upper Silesia has been gained by Poland. The vast colonial possessions (1,134,000 square miles, population, 15,000,000), in all quarters of the world, which promised a great economic expansion, have had to be renounced. Togoland and Kamerun have been allocated to Britain and France, German East Africa (Tanganyika Territory) to Britain, German South-West Africa to the Union of South Africa, the German Pacific possessions north of the Equator to Japan, and those south of the Equator to Australia and New Zealand.

The Germany of to-day is a Republic comprising eighteen States—Prussia, Bavaria (with Coburg), Württemberg, Baden, Saxony, Mecklenburg-Schwerin, Thuringia, Hesse, Oldenburg, Brunswick, Mecklenburg-Strelitz, Anhalt, Lippe, Waldeck, Schaumburg-Lippe, Hamburg, Lübeck, and Bremen. It is the most central country of Europe, occupying almost the whole north and west of central Europe, and extending from the Alps to the North and Baltic Seas and from 6° E long to almost 23° E long (East Prussia is separated from the rest of Germany by Danzig and the Polish corridor). South Germany, a comparatively narrow tract south of the northern watershed of the Main, is enclosed by France, Switzerland, Austria, and Czechoslovakia. North Germany, which is much larger, is bounded on the west by Holland, Belgium, and Luxembourg, and on the east by Czechoslovakia, Poland, and Lithuania. Almost two-thirds of the boundaries of Germany are land frontiers, and one-third is composed of sea-coast on the north (the North and Baltic Seas, separated by the Jutland peninsula). From the northern point of Schleswig to the southern point of Bavaria the length is the same as that of Great Britain, from western Schleswig to Upper Silesia the distance is almost the same, but from the French Upper Alsace border to East Prussia it is much longer, being as great as from Gibraltar to Nice. The area of the country is approximately 182,200 square miles, and its population exceeds 60,000,000. The Prussian of the Northern Plain of Nordic stock, fair-haired and blue-eyed, is the driving and organizing force; while the dark-haired, dark-eyed Alpine of the south contributes largely to the wealth of German

art, music, and literature. Over 60 per cent of the people are Protestants, and over 35 per cent Roman Catholics.

The present Constitution was adopted on 31st July, 1919, by the National Assembly at Weimar, and promulgated on 11th August, 1919. It declared that the new Commonwealth is a Republic, whose legislature shall consist of a Reichstag (469 members) representing the whole nation, and elected by a universal, equal, direct, and secret franchise of male and female voters on the proportional representative system, and a Reichsrat (66 members) representing the separate States. The President is elected for seven years, and the members of the Reichstag and Reichsrat are elected for four years. Voters possess the right of initiative and the referendum. Bills dealing with economical questions or social issues arising thereout must first be submitted to the new advisory Economical Council (Reichswirtschaftsrat).

Coast Line. The character of the German coasts is a matter of considerable interest and importance. At the most liberal estimate, Germany has only about 1,200 miles of sea-coast, of which 900 are on the Baltic, a sea which has ceased to be one of the great inland seas of world trade. The short North Sea coast, a large part of which falls to Schleswig-Holstein, is much the more important, the Elbe and Weser ports alone owning some four-fifths of all German shipping. A low coastal plain extends along the shore of the North Sea, separated from the tide-washed beach by a broken chain of sand-dunes. The sea, for many miles from the shore, is very shallow and difficult to navigate on account of banks, some of which, rising just above sea-level, form low islands such as the Frisian Islands in the west, and the North Frisian Islands (Sylt and the Halligen) off Schleswig-Holstein. In the west, the shallow flats, or "Watten," uncovered only at low tide, merge on the landward side into the "marshes" reached by water only at high tide. These "marshes" have been, in many cases, reclaimed by a "golden hoop" of dykes or sea-walls, and are utilised as pasture and corn lands. All the harbours (Hamburg-Cuxhaven, Bremen-Bremerhaven, Emden) are very difficult of approach, except through certain channels, and are, consequently, easily defended (less so now than formerly, owing to the demolishing of the prodigious fortifications of Borkum, Heligoland, and Sylt).

The outline of the Baltic coast is broken by many picturesque bays and creeks spreading far inland, but the sea is shallow and there are few good harbours. Sand deposits due to the Baltic currents have formed narrow spits (*nehrungen*) which enclose land-locked lagoons (*haffen*) of fresh water at the mouths of the rivers. In these the rivers are forming deltas; consequently, the harbours at their mouths often depend for access to the sea on artificial channels. The island of Rügen is a detached portion of the mainland. Kiel, Lübeck, Rostock, Stralsund, Stettin-Swinemünde, and Königsberg are all blocked by ice in the winter, for a period varying from a month in the west to five months in the east, and their outlook is to Scandinavian lands rather than the countries of western Europe.

Relief. Germany occupies part of all the four zones into which the surface of Central Europe is divided—the Alps, Alpine Foreland, Central Highlands, and Northern Plain. On the southern borders of Bavaria, between the Lake of Constance

and Salzburg, the northern limestone Alps represent Germany's small share of the Alps. Heaved up by pressure from the south, these mountains approach or exceed 8,500 ft. in elevation, and in Zugspitze rise to over 9,700 ft. It is here alone that Germany extends into the region of eternal snow.

From the Lake of Constance to the mouth of the Ill stretches the Alpine Foreland, a high plain of largely morainic character, covered in the south with coarse glacial gravel from the Alps, into which the water sinks quickly, leaving a dry and infertile country, and in the north with good productive soil. The borderland between the northern and southern regions is bog land, which is now being reclaimed and utilised.

The Central Highlands, extending north of the Danube from Silesia to the Rhine, are a very highly complicated region of ancient folded ranges, worn down to their stumps and then uplifted, of fractured and tilted blocks of the earth's crust, of basin-like depressions, and, in places, of past volcanic activity. They fall into—(a) The Lower Rhine Highlands are an uplifted ancient peneplain, through which the Rhine has cut a narrow gorge between Bingen and Bonn, progressively maintaining its course during the gradual uplift. The Rhine and its tributaries divide the highland mass into four groups, the Eifel and Hunsrück on the west, separated by the Moselle valley, and the Westerwald-Rothaar and Taunus on the east, separated by the Lahn, the two river valleys forming a great valley almost at right angles to the main Rhine valley. Along the whole of the northern scarp of the block the old rock is rich in metal, and overlooks a fertile lowland underlaid and flanked by coal. The southern scarp, rich in slate, is much less rich in metal and fuel than the northern, but has some compensation in the greater area of volcanic formation, the bleak Eifel, with the picturesque Sieben Gebirge, being much less important than the fertile Taunus, with its numerous hot springs. (b) The Vosges (French) and the Black Forest (Schwarzwald), together with their northern extensions (the Hardt and Palatinate Hills and the Odenwald), once formed a single block, whose central part subsided between a series of parallel faults, and thus formed a rift valley, some 200 miles long and 20 broad. This valley, which stretches from Basel to Mainz, is the middle basin of the Rhine, and is in marked contrast to the narrow gorge. Its floor is covered by alluvium and is of great fertility. The higher parts of the mountain masses close to the rift consist of several parallel ranges running north and south 4,000 to 5,000 ft. high, with deep, narrow valleys between them, while on the outer sides low transverse spurs slope gradually to the level of the uplands. The slopes are covered with forests nearly to their tops, but the highest points are grass-covered. (c) From the mountain node of the eastern Fichtelgebirge radiate the Böhmer Wald, the Erz Gebirge, the Rieser Gebirge, the Sudetes, and the Moravian Heights forming a highland framework for the low diamond-shaped Bohemian plateau. The Franconian and Swabian Jura, and the uplands of the Main and Neckar are scarplands with the scarps looking to the north-west. The Harz Mountains, an isolated mass of ancient rock containing the granite plateau of the Brocken (3,740 ft.), mark a continuation of the line of the Sudetes, as do the Weser Highlands (the Rhön and the Vogelsberg) lying farther north-west. Older than the other parts of central Europe, the mountains surrounding Bohemia reach their

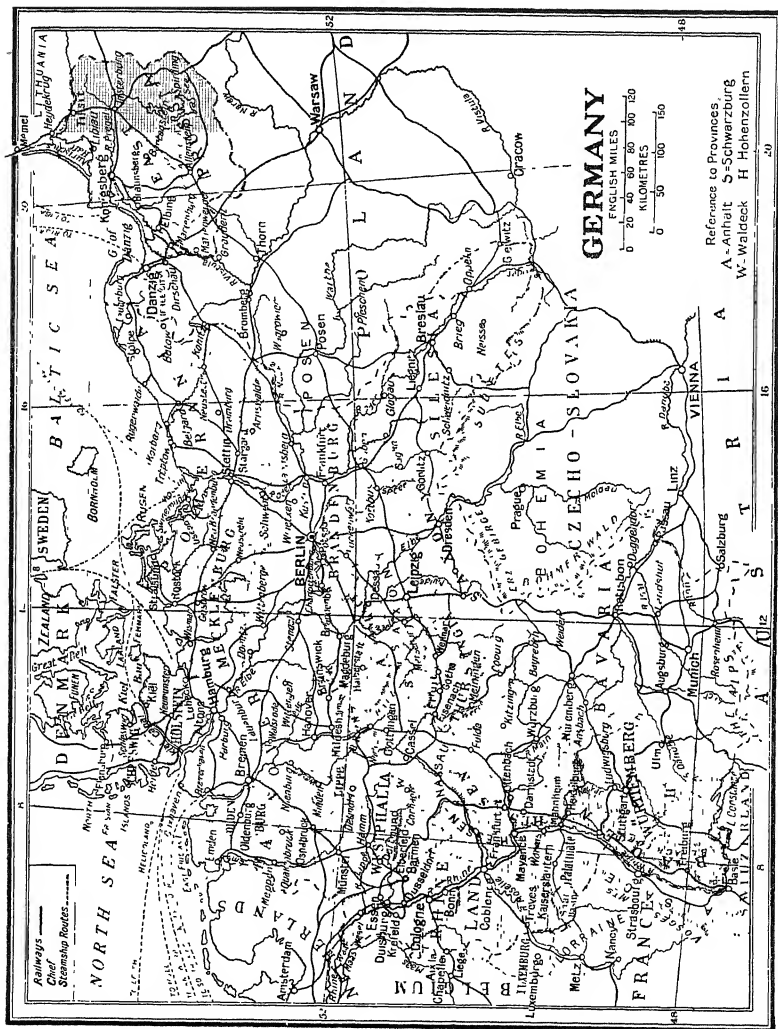
greatest height in the Schneekoppe (5,260 ft.) in the Rieser (Giant) Mountains.

The Northern Plain, the larger part of Germany, has a uniformity of relief and structure, which is in striking contrast to the south, and encouraged a single political unit (Prussia). Though low-lying and flat, it is only in parts a complete low plain. Its foundation consists of depressed blocks of all formations down to the Tertiary, but soft material of Quaternary age, mainly sands and clays of alluvial and glacial origin, composes most of its surface. The details of its topography are intimately related to the action of ice in the Great Ice Age. Large areas, especially in the north-east, are covered with morainic lakes, and the successive frontages of ice, in advance or retreat, have left a series of concentric arcs of morainic hills more or less parallel with the Baltic coast. The most northerly of these hills, known as the Baltic Heights, runs from Flensburg to Löten, and reaches a height of over 1,000 ft. in the Turnberg above Danzig. In the east, the lowest-lying area, the overflow of the rivers Oder, Spree, Havel, Netze, and Warthe, has converted vast tracts of country into swamps. In the west are large expanses of moorland and heath, of which the best known are the Luneberger Heide (Heath Land), the East Friesland Moor, and the Bourtanger Moor. Much of this region is so swampy as to be impassable, and the sterile nature of its soil makes agriculture unprofitable. Fertile areas are found on the sunny southward slopes of the Baltic ridge, along the rivers, and in the south, but large areas are of a sterile nature, yielding good crops only by the application of the most scientific methods of agriculture.

Lakes are abundant in the Baltic Lake Plateau. Those of East Prussia are irregular and deep, resembling those of Finland, while shallow shore lakes lie behind the chain of dunes on the Pomeranian coast. Holstein has a small cluster of lakes. In the Alpine Foreland a few small lakes lie among the mountains, and the smaller rivers of the plain form lakes of considerable size in the course of their sluggish wanderings seaward.

With the exception of the Weser, none of the larger German rivers lie wholly within the country. The Rhine enters from Switzerland and its tributary, the Moselle, from France, and just after passing Emmerich, enters Holland on its way to the sea. A large part of Germany's trade has, therefore, to pass through Holland. The Elbe, however, carries a considerable amount of the trade of Czecho-Slovakia, but the Oder is relatively the least useful of the large German rivers. The Danube, rising in the Black Forest, has the greater part of its navigable bed outside Germany. Most important of all the rivers to Germany's trade and industry is the Rhine, which, unlike the other rivers, always maintains a considerable volume.

Climate. The climate is more or less continental everywhere, and four climatic areas may be distinguished—one of warm summers and cool winters in the north-west, one of very warm summers and very cold winters in the north-east, one of very warm summers and cold winters in the south, and one of hot summers and cool winters in the rift valley. The average annual temperature is 53° F. in the north-west, 49° F. in the centre, and 43° F. in the north-east, and the range of temperature increases more with distance from the sea than with distance from the Equator (42° F. in the north-east, 38° F. in the south, and



30° F. in the north-west). In January, the mean temperature varies from 22° F. in the east to 34° F. in the west. The average annual rainfall for Germany is about 28 in.; it is greater in the west, where the moist westerlies prevail, than in East Prussia. On the higher parts of the west, from the Harz Mountains southward, the fall averages 34 in.; on the intermediate levels in the west and the higher parts of the east it averages 31 in.; and on the exposed lower levels of the north-east it averages 24 in., decreasing southward. The North Sea coast is almost free from frost in winter, while the Baltic rivers are closed by ice, for from one to five months. In the lowlands the rainfall varies from 28 in. in the west to 16 in. in the east, while in the higher south it ranges from 80 in. on the peaks of the Schwarzwald to 30 in. in the lower uplands of the east.

Vegetation. Of the whole area of Germany 40 per cent is cultivated, 16 per cent consists of natural pasture, 26 per cent is forest-covered, and only 9 per cent is waste. Pine and fir woods have been extended at the cost of the deciduous forests (mainly of oak and beech). Three-quarters of the forests are pine-woods, which clothe the upper slopes of the Southern Highlands, and are also found in parts of the Northern Plain. The remainder is composed of mixed woods, the beech predominating in the Baltic and Weser regions, and the oak in the south and the Elbe and Oder valleys. Larch woods grace the Alpine districts; silver fir forests beautify the Schwarzwald, Thuringerwald, and the Sudetes, spruce woods cover the slopes of the Harz, and Scots pine is the characteristic tree of the Northern Plain. In the north-west the salt sea winds stunt the growth of trees, and moors and heaths prevail in this least-wooded part of Germany. Vine-growing is important in the warm, sheltered valleys of the Moselle, Rhine, Main, and Neckar, and in the east the warm summers and early autumns permit the successful cultivation of the vine as far north as 52° N. lat.

Fauna. The fauna of Germany is that common to all western Europe north of the Alpine range. A certain number of aboriginal wild animals have been exterminated, but the stag, roe, wild cat, mink, and wild boar still roam the forests, and the elk is still found in East Prussia. The chamois and marmot range the Alps above the tree limit; and the hamster, typical of the steppes, remains in many parts. Red deer, hares, foxes, badgers, and the lesser rodents are common; and game-birds, blackcock, woodcock, and pheasants are denizens of the forests. Partridges and quail are plentiful in the arable lands, and snipe are found in the Danube marshes. Bird life, migrant and permanent, is similar to that of Britain, but also includes the stork. Reptiles are not numerous. The rivers are full of the various species of fish found in British home waters—salmon, bream, perch, pike, trout, carp, and crayfish. There are numerous oyster banks off the shallow west coast of Schleswig, and lobsters are caught in the shore waters of Heligoland.

Industries. *Agriculture.* Germany, like Britain, though to a lesser extent, has become an industrial and commercial country rather than an agricultural. Except in a few districts, particularly in the west and south, the land is not specially fertile, and the north and east abound in expanses of sand. Agriculture is, however, saved by the existence of a numerous, determined, and efficient peasantry, working little farms on the intensive system (much

labour, artificial manures, careful drainage, and rotation of crops). It is only in East Prussia that large estates are the rule. The principal cereal grown is rye (10,600,000 acres), still the food staple of the greater part of the population, and the main crop of the Northern Plain. Oats (8,800,000 acres) are widely grown, and hay (13,700,000 acres) is of great importance. Potatoes (7,000,000 acres) are produced most largely in North Germany, and on the great manorial estates of the east brandy is distilled therefrom. Sugar-beet (1,000,000 acres) is grown in Saxony, Silesia, Brunswick, Anhalt, and Bavaria, and is converted into sugar at Frankfort-on-Oder and Magdeburg. Wheat (3,700,000 acres) and barley (3,600,000 acres) are confined chiefly to the fertile regions of the Upper Rhine plain. Barley for malting is in great demand. The south-western districts are best fitted naturally for the growth of the vine, hops, and tobacco (though there are extensive tobacco fields in Pomerania). Maize is grown as fodder, as are also trefoil and lupin. Buckwheat is a product of the sandy soils of the north and flax of the eastern Baltic lands. Vegetables are grown in sufficient quantities for local needs. The fruit-growing industry is a source of pride. Besides the hardy apple, pear, plum, and cherry, common throughout the country, the sheltered southern valleys produce the delicate apricot, peach, and edible chestnut. For some years Germany has failed to supply itself with all the food it needs, and the tendency is towards larger imports in the future.

The raising of cattle (17,300,000), sheep (5,000,000), pigs (17,000,000), goats, (4,000,000), and horses (3,900,000) on the extensive pastures and well-cared-for meadows is an important part of German farming. The plans of the Alpine Foreland and of the north support most of the horses, while cattle, bred for beef and dairy purposes, are found everywhere from the coastal marshes to the Alps. Dairying is growing in the north-west and Kiel butter is well known. Sheep, owing to intensive agriculture and the growth of population, have greatly declined, and large flocks are now confined to the great estates of the north-east. On the other hand, pigs have largely increased owing to the large supplies of beet-refuse as food and the growing demand for pig products. Goats in the mountainous south, though reduced in number, are important for milk and cheese. Poultry are important on most of the farms, and geese are a speciality of Pomerania. Rabbits, formerly despised as food, are now kept in millions for ultimate consumption.

Fishing. The rivers, lakes, and lagoons provide a large proportion of the fish food consumed, and the fisheries of the North and Baltic seas, stimulated by the excellent communications with inland markets, are very valuable and steadily progressing. Much attention is given to pisciculture.

Forestry. Germany's extensive woods and forests are under careful supervision, and produce a large volume of timber which is floated down the rivers as rafts to be dealt with at such ports as Mannheim and Rastatt. The Harz and Thuringian forests, favoured with abundant soft-wood and water-power, have important manufactures of paper in all its forms, and wood-carving, clock- and toy-making are typical industries of the forest areas.

Mining. Notwithstanding its great losses of mineral-bearing territory, Germany is still one of the foremost mining countries of the world. Of coal, the chief mineral, there are vast resources in

the Rhineland-Westphalian (or Ruhr), Aix-la-Chapelle (Aachen), Saxony, Lower Silesian, and Upper Silesian basins, and smaller quantities in a number of other localities. The annual production is about 138,000,000 tons, and the Ruhr basin is the main source of supply. In addition to coal there is an enormous output (139,000,000 tons) of lignite, and peat, found in beds varying from 3 to 40 ft., is cut in large quantities. Iron-ore production has greatly declined owing to the loss of the famous munitze mines of Lorraine, and Germany has now to enter the open market for some of its supply of iron. The home production (8,000,000 tons) comes from Westphalia, particularly the Ruhr district, certain areas of the Harz and Thuringia, and Upper Silesia. A large area, including the plains on every side of the Harz, contains enormous beds of rock-salt above or amongst deposits of potassium minerals, preserved by an extensive sheet of diluvium. These potash salts have enabled Germany to improve its agriculture, and to lead in the chemical industry. The mining of precious metals, once very profitable, is now small, though gold and silver are still found in small quantities in the Fichtel Gebirge, the Erz Gebirge, and the Harz. Lead, copper, zinc, and tin ores are largely mined, and remunerative quantities of wolfram, manganese, bismuth, cobalt, nickel, and antimony are obtained. The Lower Rhine district, the Weser valleys, the Erz Gebirge, and the Sudetes are rich in mineral springs of curative properties, which have helped to develop the spas of Ems, Wiesbaden, Homburg, Nauheim, Soden, Aachen, Pyrmont, and Baden-Baden.

Manufactures. Germany ranks high among the leading manufacturing countries of the world, its progress during most of the last sixty years being phenomenal. In the application of science to mass production Germany is the leader; no other country, as yet, can show such organised work of detail, by which epoch-making thoughts are brought to bear on practice in such a way as to make an epoch industry. Horizontal and vertical combines are a feature of the industrial organisation. All coal, heavy iron and steel, potash, and coal-tar producing concerns are compulsorily fused into All-German Syndicates, governed by assemblies representing Producers, Traders, and Consumers, with equal representation for Employers and Employed. Vertical combinations secure control over firms producing raw materials and over concerns working up the material through every stage of manufacture. Recently, new and up-to-date plant and machinery and labour-saving appliances have been installed in many of the large factories. Much attention is given to the extended and economical use of lignite, the rapid expansion of electric power derived from lignite and water, and the scientific use of heating units to extract the greatest possible energy out of coal, oil, and other fuels. Germany has ceased to be a bulk exporter of raw materials and semi-manufactured products, and its future will probably consist mainly of finished goods.

As in Britain, industry tends to follow its needed raw materials, or the cheapest trade routes by which these materials can be transported. The principal seats of the iron and steel industry (which is well developed and steadily progressing in spite of the loss of coal and iron supplies from the Luxemburg-Lorraine-Saar areas) are in the Rhineland, Westphalia, Upper Silesia, and Saxony. In the first two of these are found the great blast furnaces and steel

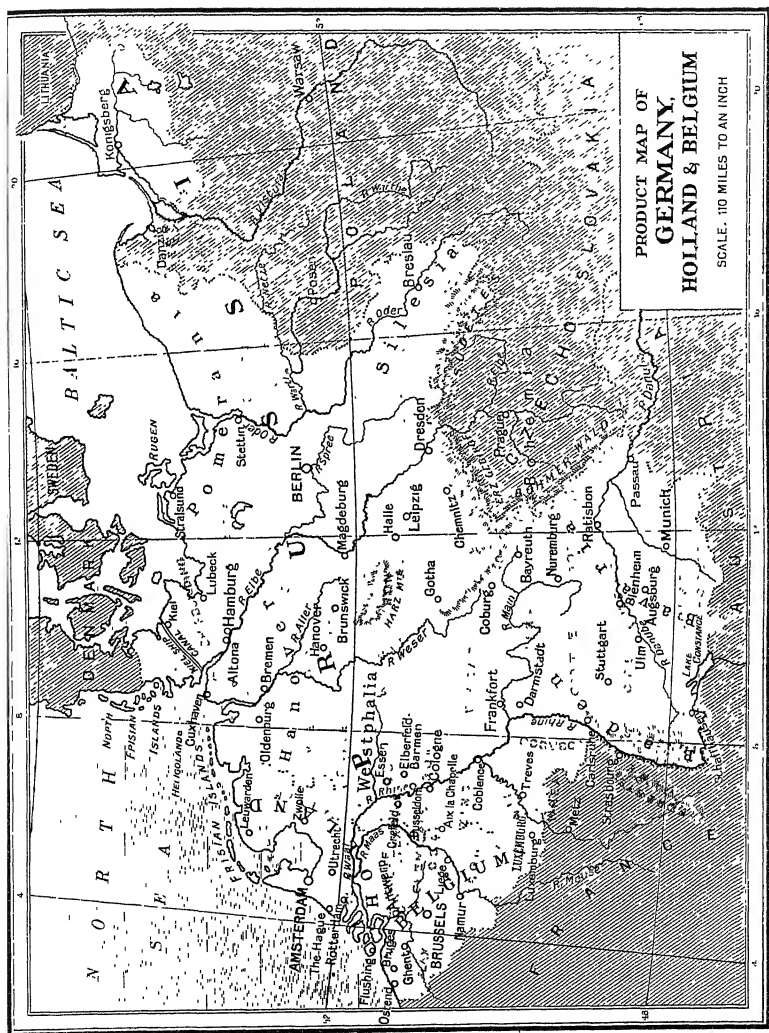
works which formerly gave to Germany the second place in the world as a producer of pig-iron and steel. The hub of industrial Germany is an area some 50 miles long by 6 to 16 miles wide, stretching in a south-easterly direction from north of Essen to Siegen, Dusseldorf, Essen, Ruhrort, Dussburg, Dortmund, Gelsenkirchen, Remscheid, Bruchhausen, and Solingen are the chief centres in the Ruhr region. There is much specialisation. Essen and Dusseldorf are noted for heavy engineering, Solingen, Remscheid, and Tuttlingen for cutlery and hardware, Zwickau and Chemnitz for textile machinery, Magdeburg, Halle, and Frankfurt for agricultural machinery, Dresden and Leipzig for sewing-machines and pianos, Crefeld and Frankfurt for ferro-alloys, and Magdeburg and Berlin for electrical goods. German shipbuilding declined greatly after the war, but has resumed importance. The chief yards are at Stettin, Lubeck, Kiel, Hamburg, Bremen, Vegesack, Bremerhaven, Rostock, and Elbing.

The textile trades are dependent largely on imported materials, and their wide distribution is due to transport, climatic, and labour conditions. The cotton industry is less specialised, less localised, and on approximately half the scale of the British, the leading districts being Saxony (Chemnitz, Plauen and Zwickau), followed by Westphalia (Munster-Gladbach, Barmen, and Elberfeld), Rhineland (Cologne) and minor towns in Silesia (Reichenbach) and South Germany (Augsburg). Somewhat of lesser importance than the cotton industry is the woollen industry scattered through Saxony (Chemnitz), Westphalia (Barmen and Elberfeld), Thuringia, Silesia, and South Germany, and at Berlin and Aachen. Linen goods are produced in Westphalia, Silesia, and Saxony, and silk in Crefeld and a number of other Rhenish towns.

In the chemical and dye-stuffs industry Germany is pre-eminent. Its advantages are the possession of large supplies of potash and other salts, the by-products of numerous colking ovens, much capital, technical skill, and research. The Badische Anilin- und Soda Fabrik almost controlled the world's dye-stuffs market previous to 1914. In the by-products districts the chief works are at Ludwigshafen, Essen, Leverkusen, Elberfeld, Höchst-on-the-Main, Frankfurt-on-the-Main, Berlin and Oppau; while in the Elbe basin, where the natural salts are found, Merseburg, Schönebeck, and Stassfurt are the leading centres. At Munich and Burghausen, Alpine water-power is used in the electro-chemical works. Germany not only leads in heavy chemicals, fertilisers, and dye-stuffs, but also in the purest pharmaceutical products, laboratory materials, and glassware.

Other manufactures are optical instruments at Jena; porcelain at Meissen; tobacco at Hamburg and Bremen, beet-sugar at Halle, Breslau, Magdeburg, and Hamburg, beer at Munich, Stuttgart, and Karlsruhe; printing at Leipzig; paper, paper-pulp, clocks, watches, wood-carving, and toys in the forest regions, and lace-making in the isolated villages.

Communications and Trade. Communications by land, water, and air are well developed. The railway mileage is approximately 35,000, and, with the exception of some 2,200 miles, is State-owned. Recently, the railways have been reconditioned, and placed under the control of a company, and are being worked on a commercial basis. Undoubtedly, the railway system is the best in Europe, and shows



a close network in the industrial regions. Berlin occupies a central position in the railway system of Europe, a focus for north-south and east-west routes. The Orient Express route from Paris to Constantinople, after crossing the Rhine, runs along the base of the Black Forest, winds along the Neckar valley, past Stuttgart and on to Ulm, and then proceeds through Munich on its way to the Austrian town of Linz in the Danube valley. Eastwards from Berlin there are three trunk lines. The most northern crosses the Oder and Vistula to Marienburg, runs north-east to Königsberg, thence east to Vilna, and finally north-east to Leningrad. The middle route passes through Thorn, Warsaw, and Smolensk to Moscow, while the southern, skirting the northern slopes of the Carpathians, leads through Lemberg to Odessa. Southwards from Berlin runs the important Nord-Süd express by Munich and the low Brenner pass to Verona and Venice, and another route via Dresden leads through Prague to Vienna, which is also reached via Breslau. Westwards, a main line passes through Magdeburg to Cologne, whence it is connected with the Dutch and Belgian ports, Paris, Basel, and the Alpine tunnels, of which the St. Gotthard is the most important to German commerce. On the north, Berlin is connected with Hamburg and Denmark, and with Stettin and the island of Rugen, whence train-ferries run to Sweden. The Ostend-Vienna route proceeds through Cologne (Cöln), Frankfurt-on-Main, and Nuremberg (Nürnberg) to Ratisbon, and down the Danube into Austria.

The natural and artificial waterways (7,600 miles) are of great value to German commerce. The Rhine, the Elbe, and the Oder are all navigable to the neighbourhood of the German frontier or beyond it, and the Danube is navigable from Ulm. Canal construction has been greatly facilitated by the general north-eastward direction of the rivers, and their sharp right-angled bends in their lower courses, and it is possible for goods to be sent by water almost the whole way from the east to the west of the country. By the settled policy of extending this east and west canal system, and improving the river navigation southward, sometimes, indeed, also augmenting it by canals, the whole country is being covered with a network of fine waterways, which provide the means for cheap transport in every direction, especially for heavy raw materials, such as ore and coal, which will not bear the cost of carriage by rail. The westernmost angle of the Vistula is quite close to the Netze, a tributary of the Oder, and is joined to it by the Bromberger Canal. Similarly, the Oder is joined to the Spree and the Havel by the Friedrich Wilhelm and Finow canals. In Bavaria, the Ludwig Canal connects the navigation of the Rhine and Danube. It runs from Main, up the Regnitz valley, past Nuremberg, and thence through hilly country, to the Altmühl, a tributary of the Danube. A canal to connect the Main with the Danube is to be cut so that small sea-going steamers will be able to sail across Europe to the Black Sea. The Dortmund-Ems Canal affords an outlet for the Westphalian industrial area through German territory, and has lessened the trade on the Rhine route to Rotterdam. With this canal the Weser is connected, but there is no canal communication between the Weser and the more easterly rivers. The Kaiser Wilhelm, or Kiel Canal, runs across Holstein from Holtenau, near Kiel, to Brunsbüttel, near the mouth of the Elbe, a distance of about 61 miles. It is 144 ft. wide at the bottom and

36 ft. deep, and has four locks at each end. Primarily built for the needs of the German Navy, it is now open to the vessels of all nations, and saves the long détour round Denmark for vessels bound from the Baltic to the North Sea. The Rhine navigation as high as Mannheim far exceeds that of all other German waterways, and next in importance to it is the Elbe system. Cologne is reached by light-draught sea-going vessels, and tugs and barges use the Rhine as far as Basel, 500 miles from its mouth. Strasbourg on the Ill, where the canals from the Marne and Rhone enter the Rhine system, is, however, the head of the important navigation. On the Ems, Weser, Elbe, and Oder, the 600-ton barge is typical of the largest class. The Weser is navigable for small barges as far as Cassel, on its tributary, the Fulda, and a deep waterway is being constructed between Bremen and Hameln. Much of the traffic of Czechoslovakia is carried on the Elbe, and the Elbe-Trave Canal, from Lavenburg to the seaboard, passes through Lubeck, and has greatly increased the trade of that port. From Königsberg there is a water-route to Kustrin, on the Oder.

There are air-services connecting Berlin with the principal towns of Germany, and with those of western Europe. Telegraphic, telephonic, and wireless communications are excellent.

The central position of Germany in the heart of Europe, gives the Republic a great advantage in trading with the wealthy countries bordering its frontier, and even beyond, as the railways, except the Russian, are of one gauge, and goods can be transported without break of bulk. Its North Sea ports, although not so well placed as those of northern France and Britain, rank among the foremost world ports, Hamburg being the most important port on the continent of Europe. German organisation, skill, and energy have gained most of the former world markets, and largely built up the mercantile marine (approximately 5,500,000 tons). Most of the overseas trade is carried on through Hamburg and Bremen and foreign North Sea ports, and is mainly with the United States, Great Britain, Central and South America, the West Indies, and British India. Very important trade is also carried on with the surrounding countries. Germany's exports and imports resemble those of Britain, but it is not so dependent on foreign food as Britain. The bulk of the export trade, with the exception of some coal, is in manufactured goods, iron and steel goods, and machinery easily ranking first, followed by textiles, chemicals, sugar, glass, scientific and other instruments, toys, pianos, wood manufactures, leather goods, and paper. Dairy produce, hides and skins are also exported. The chief imports are raw materials (especially cotton and wool), foodstuffs (wheat, barley, cacao), coal, ores, and partly manufactured and wholly manufactured goods.

GERMAN TRADE, 1913 AND 1924.

	IMPORTS		EXPORTS	
	Millions of Gold Marks		Millions of Gold Marks.	
	1913	1924	1913	1924
Animals, living	289.7	92.47	7.4	13.71
Food and Drink.	2796.5	2676.02	1068.7	419.14
Raw Materials .	4997.1	3686.79	1300.1	468.09
Articles partly manufactured	1263.3	897.65	939.8	439.09
Articles wholly or mainly manufactured	1422.1	1781.21	6778.9	5191.42
Gold and Silver	437.4	181.79	103.7	35.40
Totals	12206.1	9316.84	10198.6	6566.85

The Chief States and Trade Centres. *Prussia* (113,750 square miles, 38,800,000 population), the predominant state, consists of East Prussia, Brandenburg, Berlin, Pomerania, the Border Province (Grenzmark, Posen-West Prussia), Lower Silesia, Upper Silesia, Prussian Saxony, Schleswig-Holstein, Hanover, Westphalia, Hesse-Nassau, Rhineland, and Hohenzollern; and stretches from the frontiers of France and Belgium to the new Polish State. The north-east and east form a vast sandy plain, devoted to forest growth and corn and potato-growing, and is still the home of feudalism and large estates. The north-west is more or less hilly, and the seat of some of Germany's greatest industries, coal-mining, iron and steel production, chemicals, and textiles. In the south and south-west the vine, wheat, and sugar-beet are largely grown, while throughout the great plain rye, oats, potatoes, barley, and hay are important crops. The rearing of live stock is on a large scale (9,700,000 cattle, 3,800,000 sheep, 11,500,000 pigs; 2,600,000 goats, 2,700,000 horses; and 44,000,000 head of poultry). On the seaboard, hardy fisher folk earn a precarious living by scouring the North and Baltic seas. Mining, especially in Westphalia, Saxony, and Silesia, is of the greatest importance (Coal, 120,000,000 tons, lignite, 101,000,000 tons; iron ore, 3,500,000 tons, salts, 650,000 tons). There is a great diversity of race, although not more than 10 per cent are non-German speaking. The strongest elements in the population are the Saxon, Frankish, Slavic, Celtic, and Frisian, but Wends inhabit the Spreewald, Huguenots are found in Berlin, and descendants of Scottish immigrants in the north-east. Scenic beauty and romance co-mingle in the Rhine and its valleys; picturesque but lacking in romance are the Bergisches Land of Westphalia, the sandy Sachsenwald, and the Luneburg Moor; and the Harz heights, the Giant Mountains of Silesia, the Spreewald (a Rural Venice), and the quaint Baltic villages possess an irresistible charm. The sublime, however, is lacking over much of Prussia.

East Prussia (14,883 square miles, 2,300,000 population), cut off from the rest of Prussia by Danzig and the Polish corridor, is a moraine lake-land, sloping down to a dune-fringed and Haff-fronted coastal plain from the lake-strewn plateau of the Seenplatte, which attains 1,000 ft. About one-fifth is forested (coniferous); and there is a large area of barren sand or bog, while the climate is the coldest in Germany (Tilsit, January temperature 25° F). Nevertheless, half the area is under cultivation, mainly with rye, potatoes, and flax, the best districts being the alluvial lands of the Niemen, Pregel, and Passarge. Amber is found on the Baltic shores, and there is an important Government stud-farm, near Gumbinnen *Königsberg* (outport, Pillau), (274,000), the chief city, stands on the Pregel, about 4½ miles from its mouth, on the Frisches Haff. It is an important port, a fort, university town, and manufacturing centre. Its output includes machinery, chemicals, toys, and sugar. *Elbing* (59,000), near the south-western end of the Frisches Haff, exports timber and has shipbuilding yards. *Tilsit*, near the mouth of the Niemen or Memel, is a small port. *Mariewärden* and *Marenburg* are small, quaint, old-fashioned towns.

Brandenburg (15,072 square miles, population, 2,600,000), historically the nucleus of the kingdom of Prussia, lies between Mecklenburg and Saxony, and includes part of the middle basin of the Oder, and much of the basins of the Spree and Havel. It

consists essentially of an infertile, sandy plain, interspersed with large areas of coniferous forests and small areas of fertile soil. Swamps, lakes, and rivers abound, and the abundance of its navigable waters, its low level, and its central site have made it the pivot of inland navigation and the railway system of Prussia. Its chief products are timber, wool (the finest), barley, rye, hemp, flax, tobacco, hops, and honey. *Frankfurt-an-der-Oder* (68,000), the eastern "Ford of the Franks," is the chief town (Berlin is now separated from Brandenburg). It has long been a great trade centre, and was the head of important navigation on the Oder, but lost its predominance with the cutting of canals between the Elbe and the Oder and the consequent increase in water transportation. Other towns are *Brandenburg*, the capital; *Kustrin* (a marsh-girt fortress), and *Kottbus* and *Forst* (woollen towns).

Berlin (339 square miles; 3,900,000 population). *Berlin City* (2,200,000), the capital of modern Germany and of Prussia, lies on the Spree in a district of forest-covered sands and marshes, halfway between Hamburg and Breslau, Stettin and Leipzig, and Memel and Mulhouse, and thus dominates Germany. It grew round an island in the Spree which rose above flood-level, and is historically a typical island-bridge centre. In the fifteenth century the rulers of Brandenburg chose this then small trading settlement for their chief town and gave it special privileges. The later German Emperors furthered the growth of the town, but it remained relatively small, till modern scientific developments and the creation of excellent transport facilities made it possible for industry to pay well although all the necessary raw materials have to come from a distance. It is the great railway node, important river port, the headquarters of German banking, the most important university town, and the greatest manufacturing centre of Germany. Like London and New York, its manufactures are very varied, but its chief are clothing, machinery, and scientific instruments. *Charlottenburg* (320,000), the western suburb of Berlin, is noted for its commercial and technical schools. *Rixdorf* (240,000), is the working-class suburb, where furniture, linoleum, and pianos are made. *Spandau* (85,000), a marsh-girt fortress, was formerly the chief military arsenal of Germany. *Potsdam*, on the Wann-See, is the Windsor and the Versailles of Prussia, and manufactures silk, chocolate, and furniture. *Schöneberg* is a residential suburb.

Pomerania (11,663 square miles; 1,900,000 population), ("On the Sea"), is a long, straggling province, extending over part of the lake and forest-covered Baltic plateau and the lower course of the Oder. Physically, it is one of the flattest areas in all Germany, and correspondingly marshy, and where lake and marsh are absent, the soil is thin and sandy. Its typical activities are peat extraction, fishing in the lakes and lagoons, the rearing of aquatic fowl (especially geese), and commerce on the Lower Oder. *Stettin* (251,000), near the mouth of the Oder, where it enters the Stettiner Haff, which is bounded by the islands of Wolin and Usedom, is the most southerly and chief Prussian Baltic port. Linked to Berlin by river and canal, it grew with the rise of Berlin and the German empire in the nineteenth century. It is specially interested in shipbuilding (Vulcan yards), and manufactures with imported coal, sugar, and spirits (from potatoes). Its exports are sugar, spirits, timber, and grain. *Swinemünde*, on the island of Usedom,

is its outpost. *Straßsund*, a flourishing port, *Greifswald*, old Hanse centre, and *Bergen*, the capital of the chalk island of Rugen, are the other chief centres.

The Border Province (Grenzmark Posen—West Prussia), (2,971 square miles; 340,000 population), consists of moors and pine-forested lakeland. Its chief products are timber, rye, potatoes, and sugar-beet. It contains no town of outstanding importance.

Lower Silesia (10,276 square miles, 3,200,000 population), and *Upper Silesia* (3,746 square miles, 1,400,000 population). These frontier provinces rank among the most important industrial regions in Prussia. They occupy the fertile upper basin of the Oder and the mountain country of the Sudetes and Giant Systems. Wheat, sugar-beet, and rye are grown; timber is important in the hilly regions; coal, zinc, and other minerals are mined on the mountain slopes; and iron, textiles, and chemicals represent the chief manufactures. *Breslau* (551,000), on the Oder, about 350 miles from its estuary, is the capital, a very ancient city, important agricultural market, and an industrial, commercial, and university centre. It has river and canal connection with Berlin and the towns of the Elbe and Vistula, and is the meeting-place of a number of routes—from Vienna, by the Moravian gate; from the Plain of Hungary, by the Jablunka pass, from Bohemia, and from west and north along the plain. Its chief manufactures are machinery, railway material, textiles (especially wool), leather, and paper. Other towns are *Beuthen* (88,000) and *Waldenburg* (20,000), mining and smelting towns, and *Schweidnitz*, *Glatz*, *Görlitz*, *Niesse*, and *Lignitz* (87,000), textile towns.

Prussian Saxony (9,758 square miles, 3,200,000 population) is irregular in shape owing to the intrusion of patches of territory belonging to Brunswick, Anhalt, and Thuringia. Much of the north is moor, while the south is hilly, but has the fertile valleys of the Elbe and its tributaries, one of which, the Helme valley, is known as the "Golden Mead." Sugar-beet, wheat, and tobacco are the most important agricultural products. Lignite is mined at Oschersleben, Aschersleben, Weissenfels, Bitterfeld, and Wittenberg; copper at Mansfeld; and salt at Halle, Stassfurt, and Schönebeck. *Magdeburg* (287,000) occupies an excellent strategic central position on the Elbe, commanding east and west routes along the margins of the Central Highlands. It is an important collecting and distributing centre for the interior of Germany, and has manufactures of sugar, chemicals, and ships. *Halle* (193,000), on the Saal, the chief town of the south, is an important railway centre and university town. It manufactures chemicals. *Erfurt* (112,000), situated where the Gera leaves the mountains, is an old town.

Schleswig-Holstein (5,815 square miles, 1,500,000 population) is a picturesque land of low moranic hills and lakes, mixed with marsh and forest land, especially in the flatter north. Its eastern coast is skirted by the Baltic Ridge, and its west coast is fringed by dune-ribbed islands, and by dyked polders landwards. Flax and rape are grown, and excellent pastures encourage cattle-breeding and dairying. *Kiel* (212,000), on Kiel Bay, at the eastern end of the Kaiser Wilhelm Canal, once a small trading port, has grown entirely for strategic reasons. It is the chief town, and was formerly a naval arsenal. *Schleswig*, the capital, and *Flensburg* are small ports.

Hanover (14,897 square miles; 3,200,000 popula-

tion) lies between the Elbe and the Netherlands, and includes the lower valleys of the Weser and Ems, with the exception of Bremen and the state of Oldenburg. The greater portion is a sandy plain crossed from north to south by the moor and fen of the Lüneburger Heide, through which shallow valleys join the city of Hanover to the port of Harburg, now joined to Hamburg by a tunnel under the Elbe. Very fertile are the water-meadows along the Elbe frontier and the dyked lands along the North Sea. In the south a generally hilly area slopes up to the Harz, and is densely forested, with fir, larch, oak, and beech. Cereals, hemp, and flax are grown; coal, lignite, and petroleum are obtained between Osnabrück and Celle, and there are enormous beds of peat in the north and the south-east. Horses, cattle (1,250,000), pigs (1,500,000), and sheep are a valuable source of wealth, and the marsh-lands are the home of enormous flocks of geese. The Heath is famous for its honey and wax, and Geestemünde is the chief fishing port. Potash salts have made the province one of the main centres of the potash trade of Germany, large quantities of chemicals, dyes, and medicines being exported. *Hanover* (415,000), the capital, stands on the Leine, which has cut a direct north-south valley across part of the Thuringian uplands. The coal of the neighbourhood has enabled it to become a modern commercial as well as an old route centre. Its chief manufactures are machinery, chemicals, and cotton. *Celle*, *Hildesheim*, and *Lüneburg* are old Hanse towns, *Göttingen* (35,000), near the source of the Leine, is a famous university town, and *Emden* is a growing North Sea port.

Westphalia (7,806 square miles; 4,500,000 population) is a rough oblong, which lies N.W.-S.E., with its south-western frontier running generally parallel to the Teutoburger, and its south-eastern along the Rothaar mountains generally parallel to the Dutch frontier. The north, essentially the Ems-Lippe drainage, is a plain, predominantly agricultural, the home of peasant proprietors, producing hardy cereals, roots, hemp, and flax, and rearing much live stock, especially pigs (Westphalian hams). The southern slaty plateau of Sauerland, drained by the Ruhr, is monopolised by mining and manufacturing interests (chiefly hardware), the rougher work falling to the Ruhr and the Emscher, and the finer to the Ruhr-Lenne valley. The production of coal is the largest in Prussia, and the iron ore output is second only to that of the Rhineland. Dortmund, Gelsenkirchen, Bochum, Recklinghausen, Hagen, Iserlohn, and Bielefeld are the chief manufacturing towns. *Münster*, the capital, lies near the Ems, on the flat land between the Teutoburger Wald and the Schist Highlands. *Dortmund* (215,000), in the Ruhr valley, has canal connection with the mouth of the Ems northward and the Rhine westward, and is a coal-mining, iron-smelting, and iron manufacturing town. *Gelsenkirchen* (205,000) is a very important coke and cement manufacturing town. *Bochum* (156,000) manufactures steel, and is one of the chief mining and smelting centres. *Bielefeld* (79,000), at the northern foot of the Teutoburger Wald, owes its importance partly to a break in the hills, through which runs the route from Cologne to Berlin, and also to its linen industry.

Hesse-Nassau (6,063 square miles, 2,400,000 population) is a hilly land, which lies between the Rhön and Rothaar heights, and between the Bingen-Coblenz reach of the Rhine and a rather longer reach

of the Weser-Werra beyond Cassel, entirely surrounding the Oberhessen province of Hesse, and roughly divided by it into the two main areas of the Lahn and Fulde basins. The northern, or Hessian hills, are more or less isolated, but the southern Taunus and the Westerwald form a continuous block. About two-fifths of its surface is wooded, one-sixth meadow, and two-fifths arable land. Vines are cultivated on the southern slopes of the Taunus, and Hochheim, Johannisberg, Geisenheim, Rudesheim, and Rautenthal are noted for their vintages. The mineral wealth (iron, manganese, and lead) of the Lehn valley is sent to the Ruhr region (chiefly to Duisburg-Ruhrort), and tanning is important at Fulda, Marburg, and Hersfeld. Ems, Homburg, and Wiesbaden are the best known towns possessing mineral springs. *Frankfurt-on-the-Main* (459,000), at the northern end of the Rhine rift valley, 24 miles from the confluence of the Main and Rhine, where routes from all directions converge, is one of the oldest towns in Germany. River and railway net-work aid its transport. It is a commercial, industrial, and banking city (second to Berlin), and its fairs, celebrated since the Middle Ages, are still important. *Cassel* (161,000), the capital, on the Fulda, is an important railway, university, and manufacturing town, especially noted for its scientific instruments. *Wiesbaden* (110,000), Germany's principal watering-place, lies on the south-west spurs of the Taunus, three miles from the Rhine. The spa has some thirty springs, catering for visitors, and furniture is the principal manufacture. *Fulda* and *Hersfeld* are two famous mediaeval abbey-towns.

The *Rhineland* (9,474 square miles, 6,800,000 population), which includes the Hunsrück, Eifel, part of Westerwald, and both banks of the Rhine to the north, is the most important province in Prussia—politically because of its great length from south to north along the French, Belgian, Dutch, and Luxembourg frontiers, commercially as containing 200 miles of the navigable Rhine and exceptional railway facilities, and industrially as containing great mineral wealth (coal and metals), a favourable climate for textiles, and excellent access to foreign markets. A line from Aix (Aachen) to Bonn roughly divides the province into a northern plain, low and flat and in parts marshy, and a southern highland region, which attains 2,000 to 2,500 ft. in the Eifel and Hunsrück. In spite of marsh and mountain, 70 per cent. of the land is fertile, and 50 per cent. is under tillage. Cereals, flax, hemp, potatoes, tobacco, hops, fruit, and wine (especially the valleys of the Rhine and Moselle) are the chief crops. The rich cattle pastures of the northern lowland support a thriving dairy industry. The great wealth of the province, however, is in its mineral wealth—the coal of the Ruhr, the iron ore of the Moselle valley, the zinc of Aix, and the lead of Bleiberg. The large supplies of coal and the favourable climate have made the Rhineland the most important manufacturing province of Germany. At Essen, Oberhausen, Duisburg-Ruhrort, and Mülheim-on-Ruhr, where transport and access to coal are best, are the great iron and steel works. Farther afield Solingen specialises in cutlery, Remscheid in tools, and Düsseldorf in hardware and glass. The textile industry is scattered. Barmen and Elberfeld in the Wupper valley, specialise in laces, ribbon, and braids, Aix in woollens, München-Gladbach in linens, and Crefeld in silks. *Cologne* (Cöln) (694,000), founded by the Romans in A.D. 51, on the left bank of the Rhine,

where the valley begins to broaden out, combines many advantages of situation. It is the point where the routes round the north of the Ardennes and of the Schist Highlands crossed the river, as do the railways of to-day, and it is also the head of navigation for sea-going vessels (180 miles from the sea). Textiles, chemicals, machinery, glass, scent, and chocolate are its chief manufactures. *Cöln* is the largest port on the Rhine, and has a considerable transit trade, distributing to the surrounding country and up the Rhine the goods received direct from Rotterdam, and returning goods collected from these ports. The railway bridge connecting it with Deutz on the opposite bank is, perhaps, the most important crossing of the Rhine. *Düsseldorf* (429,000), on the right bank of the Rhine, at the influx of the Düsselbach, 24 miles north-west of Cologne by rail, is the Rhine port for Barmen-Elberfeld, and the centre of numerous industries, the chief of which are iron, steel, and machinery. *Aix-la-Chapelle* (Aachen) (158,000), built round mineral springs on the great road north of the Schist Highlands, has an ancient cathedral, in which lie the remains of the great Charlemagne. It is a growing industrial centre, manufacturing woollen goods. *Essen* (466,000), on the Ruhr, the metropolis of coal-land, contains the famous steel works of Krupp, and has important manufactures of agricultural machinery, sewing-machines, and motor-cars. *Duisburg-Ruhrort* (272,000), the greatest transport centre of the Ruhr hardware district, has the largest river harbour in Europe. It has large steel manufactures, and many minor manufactures, and its coal trade is great. *Barmen* (185,000), and *Elberfeld* (165,000), practically one town, in the Wupper valley, are engaged in the manufacture of textiles and chemicals. *Crefeld* (139,000), some distance from the left bank of the Rhine, is the largest producer of silk goods in Germany, and is third only to Lyons and Milan in the whole world. *Mülheim-on-the-Ruhr* (113,000) sends enormous quantities of coal by rail and canal to all parts of Germany, and has large smelting works and some textile manufactures. *München-Gladbach* (87,000) and *Rheydt* (44,000), form together one of the largest cotton centres in the country. *Bonn* (88,000), to the south of Cologne, is a picturesque university town at the northern end of the Rhine gorge. *Coblenz* ("Confluence") (57,000), the political capital, at the confluence of the Moselle and Rhine, on the left bank of the Rhine, and *Ehrenbreitstein*, on the right bank of the Rhine, are built where the Moselle and Lahn valleys converge from west and east, and were formerly strongly fortified. *Emmerich* (14,000), in the extreme north, on the Dutch border, is a Customs port. *Oberhausen* (90,000) is a town of recent growth, engaged in iron and zinc smelting. *Trier*, or *Tréves*, 60 miles up the Moselle, is an ancient Roman town with magnificent Roman remains.

Hohenzollern (441 square miles, 70,000) is a small, hilly territory, lying east of the Schwarzwald, and stretching across the Swabian Jura from the upper Neckar to the upper Danube. To Germany it gave the late reigning house. It is divided into two parts, whose names and chief towns are *Hechingen* and *Stigmaringen*.

Bavaria (with Coburg, since 1921), (29,334 square miles; 7,400,000 population) embraces Upper Bavaria, Lower Bavaria, the Palatinate, Upper, Middle, and Lower Franconia, and Swabia, and is the second largest state of Germany. It extends

from the Thuringia to the Tirol, and includes the upper basin of the Main, and the Danube between the Iller and the Inn. It may be divided into five natural regions—the high plateau between the frontier streams of Iller and Salzach, and south of a line joining Ulm and Augsburg to Muhlendorf, the riverine lands north of that up to the Danube, the constricted valleys of the Naab and the Regan between the Bohemian Forest on the one hand, and the Franconian Jura and Bavarian forest on the other, the basin of the winding Main from the Fichtel Gebirge; and the alien Palatinate, west of the Rhine, separated from the rest of Bavaria by Hesse. The country is essentially a highland area, walled in by mountains, for the Bohmerwald falls abruptly on the Bavarian side, and the Noric Alps rise in Zugspitze to a height of 9,700 ft. Northward from the broken foot-hills of the southern Alpine edge, the Alpine foreland becomes a region of small relief with a gentle northward slope. The Alpine rivers have cut deep and fairly wide valleys in the plateau surface, with a border of marsh along the bed of the stream. In the south the surface is covered with coarse, glacial gravel from the Alps into which the water sinks quickly, leaving a dry and infertile country, covered with rather poor woods, and extending slightly farther north than Munich. In the north the soil is much better, the Tertiary rocks underlying the glacial deposits often coming to the surface, and resulting in a well-watered and productive country. On the borderland between the two regions, where the gravels thin out and the water that flowed underground comes to the surface, bogs are formed, which are now being reclaimed and utilised. Agriculture, the pastoral industry, and forestry are the natural occupations. Minerals are few, and manufactures are not on a large scale. Half the area is cultivated by frugal peasants, largely ignorant of scientific agriculture and heedless of the great world outside; one-sixth is grassland, and one-third is forest-covered. The chief crops are wheat, barley, maize, buckwheat, rye, and oats, in the riverine lands, hops in the Regnitz basin (the finest from the Halledau and Spalt districts), tobacco in the Regnitz basin and the Palatinate; and wine and potatoes in the Lower Main valley and the Palatinate. The pastoral industry is most important in the extreme south, where the alp pasture is very favourable to cattle, especially in the Algau. Cattle number 3,600,000, pigs, 1,800,000, sheep, 630,000, horses, 400,000, and goats, 500,000. The largest forests are in the south, but the best timber comes from the north (notably the Spessart oak). The most widely distributed industry is brewing, some of the best beer in the world being produced at Munich, Kulmbach, Erlangen, and Nurnberg. Glass, toys, tobacco, and beer are the chief manufactures of the Erlangen, Furtth, and Nurnberg area, chemicals and electrical work are specialities of Munich, Rosenheim, and Traunstein; Wurzburg is interested in wine and wood products, Munich and Nurnberg have locomotive and motor works and manufacture surgical and mathematical instruments; and Augsburg, Hof, Bayreuth, Bamberg, and Lichtenfels manufacture textiles. Aschaffenburg is noted for its paper, Ludwigshafen for its chemicals, Firmsens for its boots and shoes, Kaiserslautern for textiles, and Nurnberg for pencils. *Munich* (Munchen) (681,000), on the "Isar rolling rapidly," in the middle of the Alpine foreland, at the crossing point of the Paris-Vienna and Berlin-Rome routes, is the capital

the natural economic and commercial centre of modern Bavaria, and the largest city in Southern Germany. It is an artistic, literary, and educational centre, the leading town in Germany for the manufacture of scientific instruments, one of the best-built capitals in Europe, a great railway centre, and the greatest beer-brewing town in the world. *Nurnberg* (Nuremberg) (393,000), famed for the abundance and beauty of its Renaissance monuments, stands on the Pegnitz, at the meeting-place of the Bavarian railways north of the Danube. It is an important junction (rail, river, road, and canal), industrial and commercial centre, and a great hop market. Its chief manufactures are toys, fancy articles, and railway plant. *Augsburg* (166,000), an old Roman town, near the Lech, is a growing textile centre, using the water-power of the Lech and Wertach. *Regensburg* (Regensburg), (79,000), once the meeting-place of the Imperial Diet, stands on the Danube at the most northerly point reached by that river, and is an important commercial and industrial centre. *Ludwigshafen* (102,000), almost opposite the mouth of the Neckar, is the chief commercial centre of the Palatinate, and manufactures chemicals. Other towns are *Gotha* (instruments and maps), *Coburg* (brewing), *Speyer* (Spire), capital of the Palatinate, *Kaiserslautern* (textiles), *Wurzburg* (wine, furniture, machinery, and instruments); *Furtth* (brewing, tobacco, and glass), and *Bamberg* (cathedral).

Wurttemberg (7,534 square miles, 2,600,000, population) occupies the upper valley of the Neckar, most of the Swabian Jura, and a strip of the Alpine foreland west of the Iller, including part of Lake Constance. From the S-W-N-E backbone of the Swabian Jura the land falls in fertile terraces, the northern (Lower Swabia) having a more genial climate than the southern (Upper Swabia). Two-thirds of the land is cultivated, nearly all the rest is covered with forests. Agriculture is the predominant industry, and peasant proprietors on small holdings have developed a perfect passion for soil. Oats, spelt, barley, grass, hops, potatoes, hemp, beans, maize, grapes, apples, and pears are the chief agricultural products. The mineral wealth is small, being confined mainly to iron. Manufactures are represented by paper at Ravensburg and Heilbronn, pianos at Stuttgart, engines and mathematical instruments at Esslingen, textiles at Esslingen, and Goppingen (water-power), and metal-work at Heilbronn. *Stuttgart* (338,000), the capital and most important centre, is built on an amphitheatre of hills near the Neckar, on which is built its river port, *Cannstadt*. It manufactures chemicals, engines, hosiery, and pianos, and is a banking, printing, and publishing centre. Its architectural beauty and artistic treasures are due to royal patrons in the past, who were attracted to it by its fine climate and its beautiful surroundings. *Ulm* (57,000) stands where the confluence of the Iller makes the Danube navigable, and where the routes over the Alps intersect the great route from Paris to Vienna and the east. It is important strategically as the guardian of the approach from the east to the Burgundy Gate, has long been a commercial centre, possesses a splendid cathedral, and has manufactures of leather and cloth. *Heilbronn* (45,000) marks the head of steamer navigation on the Neckar. It is an old Roman town, a great rail and river junction, and a manufacturing town (especially iron goods). Other towns are *Esslingen* (40,000), and *Tuttlingen*

(16,000), (textiles and machinery); *Tübingen* (21,000), a university town, and *Friedrichshafen*, the port of Württemberg, on Lake Constance.

Baden (5,819 square miles, 2,300,000, population) is essentially a Rhine-bank State, stretching round the Odenwald to the southern bend of the Lower Main, and round the Swabian Jura to the north of the Upper Danube. Nearly 80 per cent of the surface is mountainous; but the average height of the Schwarzwald (covering nearly 40 per cent) does not much exceed 3,000 ft except south of the South Kinzig valley, and the lowland is very fertile. More than three-fifths is cultivated. The rich Rhine plain yields wheat and other cereals, flax, hops, chicory, tobacco, root crops, fruit, and potatoes. Cattle are kept on the mountain meadows, while the sunny slopes of the hills bordering the Rhine plain are terraced and planted with vines. The large proportion of mountain and forest has forced the people into industry. Toys and small articles are made for sale to the numerous visitors who patronise the medicinal springs to which the State owes its name, and of which the best known is that of Baden town. Most of the chief centres of population are river-side railway junctions, and 50 per cent. of the population is purely "rural," though engaged in making light machinery, china and glass, clocks, jewellery, and toys. Textiles are manufactured round Constance, clocks and toys round Furtwangen and Villingen; and tobacco and chicory at Rastatt and Freiburg. *Karlsruhe* (146,000), the capital, on the plain east of the Rhine, to the north of the Black Forest, where the route passes easily to the middle valley of the Neckar, is an important commercial and manufacturing centre. Its chief manufactures are machinery, engines, furniture, and plated ware. *Mannheim* (250,000) stands where the Neckar enters the Rhine, and is the northern terminus of the Baden railways, as well as the southern terminus of normal steamer navigation. It has an enormous hinterland, and is the great wholesale depot of South Germany, especially in grain, coal, and petroleum. The chief commodities that come up to the port are grain from overseas and coal from the lower Rhine coalfields, and from hence they are distributed to the south. Down the river go the timber of the Neckar uplands and the salt of the sandstone regions. Its manufactures are varied. *Freiburg* (91,000), in the Bregau, is a small manufacturing town, with a flourishing university. *Pforzheim* (79,000), in the Neckar valley, is the most important cheap jewellery centre in the world. *Heidelberg* (73,000) is a picturesque old university town, situated on the south bank of the Neckar, 12 miles from its junction with the Rhine, the cradle of science in South Germany, and an agricultural centre. Other towns are *Constance* (a lake port), and *Baden-Baden* (mineral springs).

Saxony (5,789 square miles, 4,974,000, population). The triangular State of Saxony occupies the northern slopes of the Erz Gebirge, and extends into the northern plain beyond Leipzig. Its lowland area, though small, is very fertile, and the Erz Gebirge rarely reach 4,000 ft., while the Lusitan heights do not reach even 3,000 ft. About one-fifth of the population are farmers, who cultivate rye, oats, and potatoes scientifically, and rear horses, cattle, and especially sheep. The Beutzen, Meissen, and Grimma areas are the richest rye and oat lands; the Grimma area produces excellent cherries, plums, and apples; and the Vogtland is noted for its potatoes. The prosperity of the Republic is, how-

ever, based essentially on the mineral wealth and water-power of the mountains, to which it owes the densest population in Europe (over 850 to the square mile).

There are still four ore districts, producing small quantities—Freiburg (silver), Schuberg (cobalt and nickel), Johann-Georgenstadt (silver and iron), and Altenburg (tin)—but the economic life is centred on the large coalfields of Zwickau, Oelsnitz, and Zwickau, the small coalfield between Dresden and Freiberg, and the lignite fields of Dresden and Leipzig (coal, 4,000,000 tons; lignite, 9,000,000 tons). The great cotton district is in and around Zwickau and Chemnitz (Meerane, Glauchau, Werdau, Krimtschau)—Chemnitz specialising in hosiery. From Reichenbach to Plauen, lace is the typical manufacture. Plauen being specially known for white embroidery and muslins, and Annaberg for passementeries. Wool takes the place of cotton in the drier east. Chemnitz and Dresden make all kinds of machinery (mining, textile, printing, locomotive), Meissen is noted for its porcelain, and Pirna for its earthenware. On the poor, forest-clad soil of the Erz Gebirge the inhabitants maintain themselves by a variety of domestic industries, such as lace and straw-plaiting, toys (Vogtland), fine metal work (Freiburg), and watches (Altenburg-Glashütte district). *Dresden* (608,000), the capital, and "the Florence of the Elbe," situated where the route along the foot of the Erz Gebirge crosses the Elbe, is a great industrial and commercial centre, possessing many fine buildings and art treasures. Its manufactures include machinery, pianos, and ships. *Leipzig* (660,000), at the confluence of the Elster and the Plessa, where all the more central routes meet, is an international banking centre, a town of great strategic importance, the most important inland trade centre after Berlin, the most important printing and publishing centre in the world, a famous fair town (for furs, skins, leather, wool, hair, and bristles), a famous university town (ranks with Berlin and Munich), and a great manufacturing centre (scientific and musical instruments, artificial flowers, and chemicals). *Chemnitz* (323,000), the industrial centre of the coalfield area, is a smoky, unattractive town, with hardware, cotton, woollen and silk industries. *Plauen* (110,000), in the south, manufactures finer textiles of all kinds. *Zwickau* (80,000), on the Mulde, is an important textile manufacturing town. Other towns are *Meissen* (86,000), (porcelain); *Freiburg* (33,000), (industrial centre); *Reichenbach* (31,000), (textiles); and *Pirna* (earthenware).

Mechlenburg-Schwern (5,068 square miles, 675,000 population) and *Mechlenburg-Strelitz* (Stargard and Rätzeburg provinces) (1,131 square miles, 112,000, population), lying between the Oder and the Elbe, are typical Baltic plateau countries, but the plateau is unusually low, not reaching 600 ft., and its seaward drainage is less important than its southern drainage. The only important Baltic river is the Warnow (80 miles), navigable for small vessels to Butzow. At least 400 lakes are scattered over the plateau, and the rivers, which are connected with them, are navigable for long distances. These lakes are very rich in fish, and the shores of the Muntz Sea yield amber. More than half of the land is arable, producing rye and other cereals, root crops, flax, and hemp. Excellent horses, cattle, sheep, and pigs are reared. The peasants are Teutonised Slavs, the ruling class are of Teutonic origin. Industries are still backward, and are represented by bricks, machinery, and wood products.

Schwern (46,000), the pretty capital of the western Republic, is situated on a lake of the same name. It is an old town, whose modern appearance is due to the destructive fires which utterly wiped out the wooden houses of this forest-settlement. *Neu-Strelitz* (11,500), the capital of the eastern Republic, occupies a very beautiful site in a wooded lake-land. It is a modern town, built in the form of an eight-pointed star. *Rostock* (89,000) (outport Warnemünde) and *Wismar* (25,000) are old Hansa Baltic ports, which still carry on a busy commerce in grain, oil-seeds, and sugar.

Thuringia (4,527 square miles, 1,630,000 population). The seven Thuringian States—Saxe-Weimar-Eisenach, Saxe-Meiningen, Saxe-Altenburg, Schwarzburg-Rudolstadt, Schwarzburg-Sondershausen, Reuss-Greiz, and Reuss-Gera—all more or less broken up into parcels, have been constituted into a single state under the title Land Thuringia. In spite of their sub-divisions the States form a fairly coherent unit, for they correspond more or less to the slopes of the Thuringian Forest. The region has long been one of considerable commercial importance. Agriculture is a leading occupation, oats, rye, barley, potatoes, root crops, and fruits being produced. Glass-making is a typical industry of the crest of the Thuringian Forest, porcelain, terra-cotta, and earthenware of its eastern slope, toys of its western slope, and the metal industry of its northern area. Sonneberg is noted for wooden toys, Hildburghausen for papier mâché, Apolda for woollen hosiery, Ilmenau for porcelain; Jena for optical instruments, and Weimar for geographical publications. *Weimar* (42,000), the capital, and the "German Athens," is associated with Goethe, Schiller, Herder, and Wieland, who resided in the town. *Rudolstadt* (15,000) on the Saale, where the beautiful Schwartzthal opens, is the chief town of Schwarzburg-Rudolstadt.

Other towns are: *Naumburg* (13,000), *Meiningen* (18,000), *Sonneberg* (16,000), *Altenburg*, *Sondershausen*, *Greiz* (24,000), *Gera* (50,000), *Eisenach* (38,000).

Hesse (2,968 square miles; 1,360,000, population) lies both north and south of the Main, where it enters the Rhine, and is divided into two approximately equal parts by the Prussian territory round Frankfurt. The eastern area is mountainous (Vogelsberg and Odenwald), but the western is part of the Rhine plain. Half of the area is cultivated, and nearly one-third is forested. The soil is very productive, and rye, barley, oats, wheat, potatoes, root-crops, grapes (wine production at Bingen and Oppenheim), and fruits are largely grown. Meadow and pasture land occupy one-seventh of the area, and cattle, pigs, and goats are important. *Darmstadt* (90,000), the capital, at the base of the Odenwald, is a route-centre. *Mayence*, or *Mainz*, (109,000), the commercial capital, on the left bank of the Rhine, opposite the mouth of the Main, is important strategically, and has long been a great centre of land and water traffic. *Giessen*, at the Lahn-Wiesbeck confluence, is the educational capital. *Worms* (45,000) is an old Roman town, and was once the meeting-place of the German Diets. *Offenbach* (76,000) is an industrial centre.

Oldenburg (2,482 square miles, 553,000 population) lies on the North Sea, between the estuary of the Weser (at Bremen) and the Prussian province of Hanover, and has detached territories in Lubeck (between Holstein and Mecklenburg) and Birkenfeld (a small part of the Hunsrück).

A large portion of the land is marshy, fertile where drained, and makes good pastures. Agriculture, bee-keeping, and stock-raising (cattle and horses) are the principal occupations. The chief manufactures are brewing and distilling, tanning, tobacco and cork. *Oldenburg* (51,000), the capital, stands on the Hunte, a left-bank tributary of the Weser.

Brunswick (1,424 square miles, 508,000 population) consists of five large and six small areas, scattered along the banks of the Aller, Ocker, Leme, and Weser, and includes part of the Lüneburg plain, the Dromlin marsh, and the Harz Mountains. Oats, wheat, rye, and beetroot are the chief productions in the lowlands. Timber, coal, iron, and building materials are products of the Harz area. *Brunswick* (147,000), the capital, on the fertile Ocker plain, is an old Hanse centre, and is a great commercial and industrial centre. Its chief manufactures are sugar and sausages.

Anhalt (888 square miles, 352,000 population) consists of fragments surrounded by Prussian Saxony, including some of the Harz foothills, reclaimed pastures of the Elbe, and the fertile Saale plain. Its agriculture is excellent, sugar is a typical product, and valuable salt mines are worked round Leopoldshall. *Dessau* (70,000), the capital, stands on the lower Mulde.

Lippe (469 square miles, 166,000 population) lies between the Weser and the Teutoburger Wald. Agriculture and stock-rearing are its principal occupations. *Detmold* (16,000), the capital, lies west of the Weser.

Waldeck (433 square miles, 60,000 population) stretches from the Eder to the Diemel, west of Cassel. *Arolsen* (2,800) is the capital.

Schaumburg-Lippe (131 square miles; 49,000 population) lies east of the Weser. *Bückeburg* (7,000) is the capital.

Hamburg, ancient Hanseatic city, Free City, and independent state, owes its importance to the fact that 60 miles up the Elbe the dyked marshes come up against a strip of relatively high "geest." It ranks as the largest and most important seaport on the Continent, and for all but administrative purposes the large Prussian town of *Altona* (182,000) forms part of the city, of which it is merely a prolongation. A considerable area of cultivated land and navigable water is included in the state of which the aggregate area is about 160 square miles. This area is divided into the city proper (1,077,000 population), and the "rural district" (Landgebeit), (74,000 population). The extra-mural territory follows the river to the coast in a narrow corridor, culminating at the city's outport, *Cuxhaven* (16,000). Though situated on the Elbe, Hamburg's exact position is at the junction with that river of the two tributary streams, the Alster and the Bille, and the greater part of the city is built on the Alster. Long overshadowed by Lubeck, when the Baltic was the centre of trade between the northern nations, the development of the British Isles and Atlantic commerce enabled Hamburg to surpass its rivals. The importance of the city has little to do with the products of the country behind it, which is exceedingly poor, but is due to the fact that it stands at the point where it is easiest for raw materials from overseas for the industries of Germany, and also the additional foodstuffs required, to enter the country and to be distributed over it. Hence the largest proportion of the city's imports consists of coal (from Britain) and wheat (from America). Its exports are very various, including all sorts of

manufactured goods, sugar normally ranking first. Among its many manufactures are shipbuilding, spirits, beer, cigars, chemicals, and furniture. Famous Hamburg shipping lines are the Hamburg-American, Hamburg-South America, German Kosmos, German East Africa, Woermann, and Aktien-Gesellschaften Hugo Stinnes. The dominant spirit of Hamburg is the spirit of work and enterprise.

Bremen (99 square miles; 339,000 population), old Hanse Free City, and modern Republic, is built on a sandy plain, 46 miles from the mouth of the Weser. An older port than Hamburg, its position is inferior, and even the development of an outpost at *Bremerhaven* (25,000), 5 miles nearer to the sea than Cuxhaven, and the deepening of the river up to Bremen itself, have failed to enable the city to keep pace with Hamburg. Nevertheless, it is the second seaport of Germany, and its nearness to the Atlantic enables it to control the cotton and tobacco trade. Its manufactures include ship-building, ropes, tobacco, sugar, and rice, and its great shipping company is the Norddeutscher Lloyd.

Lubeck (115 square miles, 128,000, population), old Hanse Free City and modern Republic, was, in the Middle Ages, the most important German port, and the chief town in the Hanseatic League. It stands on the small river Trave, about 10 miles from its mouth, and *Travemünde* is its outpost. The deepening of the Trave, the construction of the modern Elbe-and-Trave Canal, and the excellent railway facilities existing all help the port, but Lubeck has lost much of its former wide European importance to Hamburg on one side and Stettin on the other, though it does a good deal of local trade round the western Baltic. Its chief manufactures are ship-building, brewing, and distilling, cigars and machinery.

It remains to be seen whether North Germany, the land of enterprise and success in commerce and industry, in the organisation of powerful syndicates and trade federations, and in great transport systems, and South Germany, the land of less success in practical affairs and containing more zones of difficulty than the North, will continue to cohere as a geographical unit.

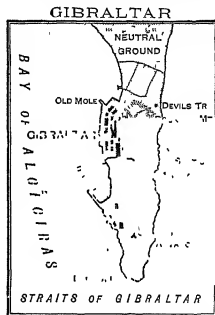
GHEE or GHI.—Clarified butter made from the milk of the buffalo. Curdled milk and salt are frequently added to the butter before it is packed in jars. Ghee is not appreciated by Europeans; but large quantities are consumed in India, where it is used for culinary, ceremonial, and medicinal purposes, and large quantities are exported to the Straits Settlements, Natal and elsewhere.

GHERKINS.—(See CUCUMBER.)

GIBRALTAR.—Gibraltar, the Western Gate of the Empire, the "Key of the Mediterranean," and the only British possession on the mainland of Europe, possesses almost unique strategic and economic advantages in its site, relief, and climate. It comprises a small peninsula ($2\frac{1}{2}$ miles in length, $\frac{1}{4}$ to $\frac{3}{4}$ of a mile in breadth, and an area of approximately 2 square miles), jutting out from the coast of Spain, near the southern extremity, and commanding the entrance to the Mediterranean. The Rock, a mass of Jurassic limestone, rises sheer from the water, and is connected with Spain by a low, narrow, sandy isthmus (a neutral ground). From the sandy neutral ground, the huge gray mass rises abruptly to a height of 1,200 ft., and then runs—with a typical sierra crest—for 2 miles due south to O'Hara's Tower (1,396 ft.), thence dropping by precipitous terraces to the Europa Flats, which at

Europa Point descends to ocean depths. The eastern face is an inaccessible precipice, but the sierra sinks more gradually westward, and the town of Gibraltar lies on this western face, overlooking the Bay of Gibraltar, and enjoying a mild, even climate (average temperature, 65° F.; mean maximum only 12° F. higher, average rainfall about 34 in.).

Gibraltar has been held by the British since 1704. Known in ancient times as *Mons Calpe*, it is one of the famous Pillars of Hercules, the other being Mount Abyla or Apes' Hill on the opposite African coast, the breadth of the Straits at this point being only 9 miles. The importance of its site lies in the separation of Cadiz from Cartagena and Brest from Toulon, and the linking of the Indian Ocean to the Atlantic and the Old World to the New. Its flora and fauna are African, cactus covering its slopes,



and Barbary apes (about forty) making it their home. Strongly fortified, especially on the western, less precipitous side, in fact as impregnable as defensive works can make any place, Gibraltar commands the Straits. For military reasons no person other than a native of Gibraltar or official in Government employment may enter or reside in Gibraltar without the Governor's permission. Between the La Luna heights in the west and the Rock itself the Bay of Algeciras gives safe access to an enclosed harbour, with three graving docks, capable of accommodating the largest ships of the British navy. A whole fleet can anchor safe from torpedo attack, and there are facilities for coaling every vessel, and docking seven or eight of them. Large dockyards for repairs, and cold storage accommodation are also provided. In consequence, Gibraltar is the headquarters of the Atlantic Fleet, and a very important coaling station and free port of call (visited annually by 5,000 to 6,000 vessels) with a large entrepôt trade.

The inhabitants (apart from the British garrison of 5,000 to 6,000) are the descendants of Italian and British immigrants, and number about 19,000. They are engaged almost entirely in the shipping and coaling business, and the supply of stores to ships, though luxury articles are supplied to visitors. All supplies necessarily come from outside Gibraltar. English is the official language, but Spanish is

largely spoken, and the Roman Catholic religion prevails.

Gibraltar is a Crown Colony, the Governor, with the assistance of an Executive Council of seven members, controlling all affairs, both civil and military. The chief sources of revenue are the port dues, the rent of the Crown estate, and the duties on wines, spirits, beer, and tobacco.

Mails are dispatched daily via France. The time of transit is about three and a half days.

GIFT INTER VIVOS.—The transfer of ownership in an article, the property being handed over by one person to another under such circumstances that there is a clear intention of the giver to divest himself of all rights in the same. By English law a gift is irrevocable, i.e., when once a complete transfer has been made the giver cannot demand back the article which he has given. But a gift may be impugned if it is made in fraud of creditors, as, for example, by a person who is on the eve of bankruptcy. Such a gift amounts to a fraud and is void. Again, the gift must be of something tangible, not of a *chose in action*. Thus, a gift of a cheque, unless the donee cashes it at once or transfers it for value, is of no legal effect. The donee of a cheque, when there is no consideration at all for its transfer, cannot sue the donor upon it.

GILDS or GUILDS.—A guild is an ancient institution, and means a society or brotherhood established for religious, commercial, or feasting purposes, or a combination of all of these. At the time when guilds were first established, the power of the Church was sufficient to make a brotherhood feel that it would be injurious to carry on the confraternity without the blessing of God, the sanction of the Church, and some outward religious form or ceremony. The earliest form of guild in this country was, probably, of a religious nature, it was an early form of sick benefit society ennobled by Christian ceremony and Christian practice. The members met at stated times, they chose a saint as their patron, they paid an annual subscription, they assisted the poor, they assisted their brother guildsmen in distress, they had occasional feasts in common, and some common meeting-place. In this early form the guild in England was distinctly beneficial, and was part of that lifting machinery by which the doctrine of the greatest good to the greatest number was slowly and surely perfected.

Guilds were not peculiar to England, but traces of them are to be found in many parts of Europe. As internal and external trade increased, the guild spirit began to spread amongst merchants, not only in England, but on the Continent as well. The influence of religion was still paramount in the formation of the brotherhood of merchants, or of traders formed of members of a particular trade. It was natural that merchant guilds could only be successful in cities and towns. The fellowship, when formed, sought to regulate the buying and selling of its peculiar commodity, to keep up the quality of the workmanship, to keep up the price, and to keep competitors out at arms' length, or to admit them to the brotherhood on the payment of a fine. These merchant guilds often obtained from the king some special privilege or monopoly.

The members of the merchant guilds in the various cities and towns were men of some substance, and it would naturally fall to the lot of some of them to assist in the management of the local government of their town, so that there might often be a close connection between the guild

merchant and the town management. The same shrewd traders who looked well after their own business interests might be expected to look after the best interests of their town.

The best illustration of what was the guild merchant in the Middle Ages is to be found in the mere recital of the names of the guilds within the City of London. The chief town hall of the City of London is called the Guildhall, a term often used of the town halls of other cities and towns. It is suggestive of the fact of that ancient meeting-place of some brotherhood in the dim past, when the guild of merchants met in the hall of their guild or confraternity.

The London City Livery Companies represent all the chief trades at present carried on, and some that are out of use. The Armourers are not now required to make helmets, breast-plates, swords, and shields; but in the days of the Plantagenets they were important craftsmen. The Bowyers are not wanted now, but their bows were wanted at Crecy and Agincourt. The Bowyers' Company could not do without the Fletchers' Company, for the Fletchers made the arrows to fit the bows. The twelve great companies, which take precedence because of their wealth, may be summarised thus: The Mercers—this guild or brotherhood was established for regulating the buying and selling of such goods as would now be sold by a general draper; the Grocers, the Fishmongers, the Goldsmiths, the Skinners, the Merchant Taylors, and others convey by their titles exactly what sort of a brotherhood they were. On the other hand, the term Drapers' Company is ambiguous to modern people. The original members of the guild of drapers were buyers and sellers of cloth, and had little in common with a modern draper. The Haberdashers were a guild of traders who dealt in small wares, such as buttons, tapes, threads, laces for boots, clothes, and stays, the Salters, Ironmongers, Vintners, and Cloth-workers convey their history by their titles.

Very few of these ancient confraternities now perform the valuable trade duties for which they were established, but they are still conspicuous for charity and for feasting; prayer and fasting have fallen into desuetude, and in many of the guilds there is not a single member of the trade to which the guild owes its foundation. The Fishmongers' Company is a very wealthy one; there is probably not one Billingsgate fishmonger on it. Yet at the time when the Guild of Fishmongers was exercising its proper duty, it supervised the fish supply, regulated the price, and the craft generally.

The great Company of Goldsmiths still performs one of its most important ancient duties; it assays and proves the gold coinage of the realm, and it puts its hallmark on gold and silver plate (See PVX).

As far as the City guilds are concerned, they have always been closely allied with the municipal government of the City, for it is the members of these various City companies who have special rights in the election of the City aldermen and other councillors.

It is easy to step from the guild of masters to a guild of workmen. As the wants of mankind grew more and more insistent, the skilled workmen who ministered to such wants began to form themselves into brotherhoods or craft guilds, with the usual mediaeval basis of religious observances, feasting, trade protection, careful apprenticeship, and assistance to their members. The guild of the master and

the guild of the man were not always in accord. There were faults on both sides, the guild of masters was arrogant, over-reaching, and tyrannous, and conflicts arose between the parties from time to time. For good or for evil, the ancient guild has passed away for practical purposes, and there have come in place of it federations of masters, and trade unions amongst the workers. Prayer and fasting have entirely disappeared from the modern confraternities, excepting in the case of those guilds which are the offspring of Church discipline, such, for instance, as the Guild of St. Luke, which is a brotherhood of medical men, whose object is religion, charity, and the exercise of their medical skill to the glory of God and the benefit of mankind.

GILL.—This is an English measure of capacity. (See WEIGHTS AND MEASURES.) It consists of the thirty-second part of a gallon, or the fourth part of a pint. Compared with the metric system, a gill is nearly equal to 14.2 centilitres.

GILT-EDGED BILL.—This is the name generally given to a bill of exchange which is drawn, accepted, and indorsed by persons of the highest credit. There is absolute confidence that such a bill will be duly met when it becomes due.

GILT-EDGED SECURITIES.—Securities of the highest order, which are considered to be absolutely safe and assured. All those securities in which trustees are allowed to invest are often designated by this name. (See TRUSTEE SECURITIES.)

GIN.—A spirit distilled from malt or other grain and flavoured with juniper berries. It is sometimes known as Geneva, from confusion between the town of that name and the French word *genévre* (juniper). Pure gin is valuable medicinally on account of the essential oil of juniper it contains. The percentage of alcohol varies from 40 to 52. Large quantities of this spirit are manufactured in the United Kingdom, and the British product has a very delicate flavour, thus disproving the accusations of adulteration by means of turpentine, potato spirit, sulphuric acid, and common salt. *Old Tom* is a sweetened variety. Dutch gin is particularly noted. It is prepared from a mixture of barley, malt, and rye, the principal town engaged in the manufacture being Schiedam, which gives its name to one variety, also known as Schnapps and Hollands. Gin or schnapps is also prepared at Aalborg, in Denmark. The principal customers of the Dutch are Great Britain and the United States.

GINGER.—The spice obtained from the root of the *Zingiber officinale*, a tropical plant growing in the East and West Indies and in Africa. The two varieties, black and white, are obtained from the same roots by different methods of treatment. Ginger contains starch and gum, but its main constituent is a volatile aromatic oil, which makes it useful as a condiment in cookery and as a stomachic in medicine. Ginger is the characteristic ingredient of gingerbread and of various refreshing drinks, such as ginger ale, ginger beer, and ginger wine. The variety obtained from Jamaica is acknowledged as the best. Preserved ginger is largely imported from the East Indies and China, but that sent from the latter country is usually prepared from galangal or galangale (*g v*). Jamaica, Cochin, and African ginger is placed on the market in $\frac{3}{4}$ to 1 cwt bags or barrels or 2 cwt cases.

GINGHAM.—A cotton dress fabric, usually checked or striped. Its colours are produced by dyeing the yarn of which it is woven. There are

many similar materials of different names. Manchester and Glasgow are the centres of manufacture.

GINNING.—Cleaning cotton wool from the seeds by an apparatus called a gin.

GINSENG.—The *Panax Ginseng* or *Aralia quinquefolia*, the root of which is much esteemed in India, China, and Japan as a powerful tonic and stimulant. The root is first dried over a charcoal fire and then steamed. The United States, of which the plant is a native, export considerable quantities of ginseng to China, but the most active trade is done between the latter country and Korea.

GIRASOL.—A species of opal, bluish-white in colour, but noted for its beautiful reflections of red and yellow, to which it owes its name of fire opal. There are many imitation stones made of glass, with an admixture of oxide of tin. The genuine stone is found chiefly in crystalline igneous rocks, and the best varieties come from Mexico and Brazil, but Hungary and Siberia also yield good specimens.

GIRDERS.—Beams made of timber, iron or steel, supported at both ends, and used for bearing loads placed between the points of support. They are employed for floors and roofs, but are mainly valuable in the construction of bridges, for which purpose they are usually made of wrought iron. The progress made by Belgium in the manufacture of girders has greatly affected the British industry.

GIVERS ON. (Sometimes termed "Lenders.")—In the language of the Stock Exchange, the person who is known as a "giver on" is a broker who lends stock to another broker when the latter requires it for delivery, and gives interest for the money lent to him on the stock. This term is also applied to a Bull who wishes to carry over his purchase of stock from one account to the next. (See BULLS AND BEARS and TAKERS-IN.)

GLASS.—A combination by means of fusion of certain siliceous and alkaline substances. Sand usually provides the basis of silica, and alkaline earths or oxide of lead are fused with it in proportions varying according to the purpose for which the resultant substance is required. The commonest bottle glass is made of soda, silica, and lime, with an addition of marl, clay, and baryta; but coarse, black bottles can be produced more cheaply still by the use of basaltic rock, either alone or mixed with wood ash. Crown, sheet, and plate glass consist of soda, silica, and lime; in Bohemian glass, potash takes the place of soda, and flint glass contains potash, silica, oxide of lead, and an admixture of nitre. Great care must be taken to have the ingredients free from iron, as this imparts a green colour, which can, however, be neutralised by the addition of oxide of manganese. In the production of coloured glass, various metallic oxides are employed. Borax and boric acid are used in the production of glass where toughness and resistance to changes of temperature are required, as in chemical ware, lamp chimneys, thermometers, etc. Many processes are involved in the manufacture of glass. The materials are first mixed and then fused in special pots and furnaces. Pouring or blowing, according to the article required, is the next step, and this is followed by annealing, after which the glass is ready for grinding, cutting, and polishing. France and Belgium supply the best sand for glass-making, which is an important industry in England, with its chief centre at St. Helens, in Lancashire. Great progress in recent years has been made in this country both in the improvement of the manufacturing processes, the greater use of machinery,

and the choice of materials. The manufacture of optical glass, formerly almost entirely a German industry, is now carried on successfully in England. The United States and Czechoslovakia also manufacture and export large quantities of glass; and Jena, in Germany, became famous towards the end of the nineteenth century and in the early years of the twentieth century, for its optical lenses and other glasses for scientific purposes.

GLASS INSURANCE.—(See PLATE-GLASS INSURANCE.)

GLAUBER'S SALT.—Sulphate of soda occurring in transparent crystals, which rapidly dissolve and effervesce in water, but are resolved into a white powder on exposure to the air. The salt has valuable medicinal properties, being used as a cathartic, and it is an important constituent of many natural mineral waters, e.g., those of Carlsbad, Cheltenham and Hunyadi Janos. It is prepared from common salt and sulphuric acid, and is used in the manufacture of carbonate of soda. Carbonate of lime is one of the ingredients when the mixture is required for medicinal use. Its chemical symbol is $\text{Na}_2\text{SO}_4 + 10\text{H}_2\text{O}$.

GLAZE.—A specially prepared glass used for producing a hard smooth coating on earthenware, china, and porcelain. Common pottery ware is glazed with a fused mixture of lead oxide and flint, or other substances, or with tin oxide. Felspar and lime glaze is used for hard porcelain, and a lead-borax mixture for soft china. Other materials such as clay, chalk, Cornish stone, enter into the composition of glazes, the clay giving working quality and durability. Lead, tin, borax, and lime give fluxing power to the mixture. The various powdered materials are fused to form a frit or glass, which is ground with water to form a paste. The pottery ware is then dipped into the paste and finally fired in a special furnace.

GLEBE.—This word is most probably derived from the Latin *gleba*, which means "a clod," and it is applied to the land which is attached to a church for the support of the minister officiating at it. In olden times no church could be consecrated unless proper provision was made for endowing it with land, and consequently every ancient church has its glebe. The land was held quite free of all temporal services. The freehold in the glebe is vested in the incumbent, but his position is that of tenant for life (*q.v.*). The incumbent cannot, except as permitted by statute (*infra*), alienate the land, and he is liable for what is known as "waste," e.g., such misuse of the land as causes it to deteriorate in value. So long as he keeps the glebe land in his own possession and occupation, the incumbent may cultivate it in any manner he pleases, and he may cut timber for all necessary repairs. But he cannot cut timber for sale, nor can he open new mines upon the land without the consent of the patron of the living and the bishop of the diocese, when the royalties (*q.v.*) derived from the mines are to be put aside for the benefit of the living generally and not for the personal use of the existing incumbent. The restriction as to the sale of the glebe, noticed above, was removed by the Glebe Lands Act, 1888, but no sale can take place unless notice is given to the patron of the living and the bishop of the diocese, and the sale is approved by the Land Commissioners, now the Ministry of Agriculture. The purchase money derived from the sale is invested in the name of the Ecclesiastical Commissioners, and the income arising therefrom is applied for the

benefit of the living generally. By an Act passed in 1842, provision was made for the leasing of glebe lands for farming purposes, but no lease can be granted which exceeds fourteen years in duration, unless it is an improving lease, when the period may be extended to twenty years. There are many other restrictions to be noticed in connection with the granting of such leases, but these are of too special a character to be noticed here.

GLOVES.—The most important gloves are those made from the skins of deer, sheep, lambs, goats, and kids; but the latter are seldom used, the so-called "kid" gloves being usually made of sheep-skin. Glacé and suède gloves differ only in the method of preparing the skin, the former being obtained by dressing the outer side, while "suède" is the result of dressing the inner side. Military gloves, for which Vendôme is noted, are made of chamois leather, and the Cape sheep supplies the unrivalled English dog-skin glove. The best kid gloves are made at Grenoble and at Paris, but a very good quality is now obtained from Brussels, which does a large export trade, as does also Copenhagen. In England, leather gloves are chiefly manufactured at Worcester, Yeovil, Ludlow, and London. Woven and knitted gloves are made of cotton, silk, or wool. They are manufactured at Derby, Nottingham, and Leicester, but large quantities used to be imported from Saxony and Berlin.

GLUCOSE.—The commercial name for dextrose or grape-sugar, which occurs in ripe fruits, honey, etc., but is generally obtained in the form of a sugar syrup from maize, potatoes, or other starchy substance by the action of sulphuric acid. It is used by confectioners and brewers. Germany, France, and the United States are the chief sources of supply.

GLUE.—An adhesive substance obtained from three principal sources, viz., hides, bones, and fish skins. The first-named variety is the best, and is prepared from the refuse of tan yards, which is first treated with quicklime and water, then exposed to the air and dried, and afterwards boiled till it forms a jelly. The drying process requires the greatest care, as the glue is apt to decompose. Light-coloured glues are obtained chiefly from sheep-skins. The best glue in the world is manufactured in Scotland. Glue made from decalcified bones is weak. It comes mainly from France and Germany, and forms one of the by-products of bone charcoal. Fish glue is liquid, and is an excellent adhesive.

Manne glue is a substitute for the gelatinous substance suitable for use in ship construction. It consists of a mixture of indiarubber, powdered shellac, and naphtha, and is used as a cement by shipbuilders, not being affected, as ordinary glue would be, by the action of water.

GLUT.—Whenever the supply of any goods in a market is greatly in excess of the demand for the same, there is said to be a glut.

GLYCERINE.—A colourless, sweet, viscid liquid belonging to the series of alcohols, and discovered towards the end of the eighteenth century. It exists in combination with fatty acids in animal and vegetable fats, and in certain fixed oils. Glycerine is easily prepared by heating fats in a current of super-heated steam, and is obtained as a by-product in the manufacture of soap and candles. Purification is necessary, however, before it is ready for use. Glycerine is employed for a variety of purposes. Medicinally it is used as an

emollient, as a substitute for cod liver oil, and as an injection in cases of constipation. It has also antiseptic and preservative properties, which render it useful in the preparation of leather and in the preservation of beer. It is employed in the manufacture of soaps and scents, and as a solvent for many substances, and, finally, it is the source of the violent explosive, nitro-glycerine.

GOATS.—These animals are found in the mountainous districts of Europe, Asia, and North Africa. They are reared on account of their milk, flesh, skin, and hair. The skins are tanned and employed in the manufacture of gloves and of fine kinds of leather much prized for bookbinding. They are imported by Great Britain mainly from North Africa and India, the Angora and Kashmir goats yielding long, silky hair in addition to a woolly coat, which renders them doubly valuable.

GODOWN.—A warehouse in the East, where imported goods are stored until they are required for use.

GOING CONCERN.—This is a name very frequently applied to a business which is in full working order. It is obvious that the value of a business which is being carried on is much in excess of a similar business which has come to a temporary standstill. Whenever, therefore, a transferee is desired, it is the object of the vendors of the business to have everything in the best condition.

GOLD.—One of the most precious metals, and the heaviest, except for platinum and iridium, its specific gravity being 19.3. It is more malleable and ductile than any other metal, and so soft that gold leaf of $\frac{1}{100}$ of an inch in thickness may be prepared from it, while 15 grains will provide 2,000 yards of the finest wire. The extreme softness renders an alloy of copper or silver necessary for working purposes. Thus 2 parts of copper are mixed with 22 parts of gold to produce British gold coins; while jewellery may be of 9, 15, or 18 carats, with alloys of 15, 9, and 6 respectively. Gold is soluble in aqua regia, a combination of nitric and hydrochloric acids. It is quite unaffected by the atmosphere, is an excellent conductor of heat and electricity, and melts only at $1,067^{\circ}\text{C}$. Its most important compound is chloride of gold, obtained by dissolving gold in aqua regia, and used for toning photographs. Gold is found either in alluvial deposits or interspersed through quartz. In the former case, it occurs in the form of grains or nuggets mixed with clay, gravel, or sand, which are removed by running water. Alluvial deposits occur in the Ural Mountains, Siberia, California, Australia, and in the valley of the Yukon, in Alaska. Rock deposits are, however, now more important, and these are found in the Urals, India, Australia, the United States, and principally in South Africa, the three last-named countries being now the source of the world's supply. The rock, being very hard, is mined, and then crushed by machinery; and the gold is treated with mercury or fused with lead to separate it from the various metallic sulphides, oxides, etc., with which it is mixed. Gold is imported in the form of ore, bullion, or coin, and is much used for jewellery, plate, and ornaments, which are highly prized. Owing to a variety of causes the value of gold has advanced very considerably in recent years.

GOLD AND SILVER.—Articles which are manufactured of gold or silver are required to be stamped with some distinguishing sign or mark, in order to certify that they are of the nature and

quality represented. For this purpose they must be taken to the local Assay Office where they are distinguished as follows, if everything is in order —

(a) The Hall Mark. This is for Birmingham, an anchor, for Chester, three wheat sheaves, or a dagger, for Dublin, a harp, or the figure of Hibernia, for Edinburgh, a thistle, or a castle and lion; for Exeter, a castle with two wings; for Glasgow, a tree and a salmon with a ring in its mouth; for London, a leopard's head; for Newcastle-on-Tyne, three castles; for Sheffield, a crown, for York, five lions and a cross.

(b) The Standard Mark. This shows the fineness, and is represented for England by a lion passant; for Edinburgh, by a thistle; for Glasgow, a lion rampant; for Ireland, a harp crowned. The gold must be of 22 carats, and silver of 11 ozs. 2 dwts. fine. In gold of 18 carats fine, a crown and the figures 18 are used.

(c) The Duty Mark. The head of the sovereign, showing that the duty has been paid.

(d) The Date Mark. A letter of the alphabet in a shield, the letter itself being periodically changed.

GOLD-BEATER'S SKIN.—A skin prepared from the outer coating of the blind-gut of the ox, and valuable in gold-beating on account of its extreme thinness and toughness. It is also used in dressing slight wounds. The membrane is first dipped in a solution of potash, then scraped, beaten, soaked in water, and stretched. After further treatment with alum water, isinglass, and albumen, the skin is cut into squares, which are placed between the leaves of beaten gold.

GOLD BONDS.—These are bonds which are issued in America by the railroad companies, and are repayable in "gold coin of the United States of the present standard of weight and fineness." If the bonds are repayable in any other country than the United States, payment must be made in gold according to the fixed rate of exchange. The interest on the bonds is also payable in gold.

GOLD CERTIFICATES.—These are certificates which are issued by the Treasury of the United States as a part of the paper currency of that country. Gold is held against them and they are payable in gold. These certificates are issued for different amounts, varying from \$20 to \$10,000.

GOLD COAST, THE.—The Gold Coast, so-called because of the former importance of its gold and the limitation of European interests to the coast, comprises the Gold Coast Colony (23,490 square miles; 1,172,000 population), the Ashanti Colony (24,560 square miles; 407,000 population), and the protectorate of the Northern Territories (30,600 square miles; 531,000 population), and the mandate land of British Togoland, thus embracing an area of approximately 80,000 square miles, and a population (mainly of Pagan negroes) of 2,112,000 (only 2,100 Europeans). It lies to the north of the Gulf of Guinea, extending some 334 miles along a surf-beaten coast, and inland to an average distance of 440 miles (11°N . lat.), and is bounded on the west, north, and east by the French colonies of the Ivory Coast, Upper Volta, and Dahomey.

Relief. The country is generally low-lying with the exception of a range of hills (under 2,000 ft.) stretching from the north-west, from the Lower Volta, into Ashanti. The principal rivers are the Volta, navigable for 60 miles for small boats, and the Ankobra similarly for 50 miles. Fairly good harbours are not lacking, although there are long harbourless stretches. There are large lagoons,

approached by openings through the sand banks which protect them from the sea, and communication along the coast is possible from lagoon to lagoon.

Climate, Vegetation, and Fauna. Generally speaking, the climate is hot, moist, and unhealthy. Medical science and sanitation are succeeding in making healthier conditions, but Europeans become subject to blackwater fever and dysentery, and are brief sojourners in the land. The mean annual temperature is about 85° F. and the rainfall varies from 100 in. in the western coastal districts to 50 in. in the interior and the east. The vegetation and fauna are typically West African. Tropical forests cover much of the Gold Coast Colony and southern Ashanti, mangrove swamps occur along the coast, while northern Ashanti and the Northern Territories are savannah lands. Chief among the animal life are antelopes, guinea fowl, monkeys, and baboons.

Industries. Cattle are reared on the savannahs, and agriculture is carried on in the forest clearings. Farming methods are improving under the guidance of Government experts, and the Colony now supplies more than half of the world's cocoa. Forest products—kola nuts, rubber, palm-oil, palm-kernels, ivory, monkey skins (Colobus), and timber (mahogany) are important. Alluvial gold has been obtained since the time of Herodotus, and in recent years mining operations have been very successful. The principal mines are in the Prestea, Tarkwa, and Aboso districts, and in Ashanti. Manganese ore is now largely mined and diamonds are found. Attention is being given to rice cultivation and the growth of coco-nuts, and sisal hemp plantations have come into existence. Native industries are represented by carpentry, blacksmithing, weaving, and working in metals.

Communications and Trade. Communications, as yet, are poor, but are steadily improving. The rivers are used by native craft, and there are a few motor roads, more especially in the Northern Territories. A Government railway runs from Sekondi through Tarquah, the chief gold-mining centre, to Kumasi (168 miles), and another line connects Accra to Kumasi (192 miles). There are over 2,700 miles of telegraph wires, and Accra is equipped with a wireless station.

Most of the trade is with the United Kingdom. The chief exports are cacao, gold, manganese ore, kola nuts, timber, rubber, palm oil, palm kernels; and the chief imports are textiles, building materials, cotton goods, provisions, kerosene, and hardware.

Trade Centres. Accra (39,000), the capital and the seat of the Government, is on the coast, and is a port of some importance. Sekondi (10,000) is the principal port, though it has no sheltered harbour (A deep-water harbour is being constructed at Takoradi, about 5 miles away). It exports cacao, gold, manganese ore, rubber, and timber. Kumasi (21,000) is the capital of Ashanti. Cape Coast Castle (15,000), lying about 80 miles west of Accra with an open roadstead, exports palm-oil, gold, copra, ivory, and rubber. Other centres are Quilliba (10,000), Winneba (7,000), Saltpond (6,500), Emina (5,500), Axim (5,800), Tarquah (2,700), Adak (1,700), and Salaga (Northern Territories).

The Government of the Colony is administered by a Governor, who is assisted by a nominated Executive Council. There is a Legislative Council of twelve official and nine unofficial members for the

Colony, excluding Ashanti and the Northern Territories.

Mails are dispatched every Friday, the time of transit to Accra being sixteen days.

(For map, see AFRICA.)

GOLD COINS.—Gold was first coined in England about 1257.

The denominations of English gold coins, as set forth in the Coinage Act, are: Five pounds, two pounds, sovereign, half-sovereign. The coins contain pure gold eleven-twelfths, copper alloy one-twelfth.

Gold coins are a legal tender to any amount so long as they do not fall below the least current weight as given in the Coinage Act.

The light yellow appearance of many Australian sovereigns is due to the alloy being in part of silver. (See BASE COINS, COINAGE.)

GOLD LEAF.—The name applied to gold when hammered out into leaves about $3\frac{1}{2}$ in. square and $\frac{1}{127}$ of an inch in thickness. The best gold leaf is made from 23 carat gold, but there are ten varieties, according to the quantity and nature of the alloy, which may be either silver or copper. The following is the process adopted: The fused gold is cast into ingots and rolled until it is not more than $\frac{1}{127}$ of an inch in thickness. It is then cut into pieces an inch square, which are placed between alternate pieces of vellum 4 in. square, and beaten until the gold has spread to the size of the vellum. The gold leaves are then divided into four, placed between gold-beater's skin and again hammered, the process being repeated until the dimensions mentioned above are attained. Gold leaf is used for gilding. It is prepared in London and in many other large towns of Great Britain, Belgium, France, and Germany now export large quantities of gold leaf, but the British product remains by far the best.

GOLD POINTS.—(See SPECIE POINTS.)

GOLD RESERVES.—The subject can, broadly, be divided into two parts—the gold reserves of a joint-stock bank having no note issue and that of the country as a whole and held by the State or central bank. Before the war a joint-stock bank could please itself as to the volume of gold it chose to keep in its vaults. Bullion could be bought in the open market or sovereigns paid in packed away. The only points to be considered were the proportion that it was advisable to hold in relation to the liabilities to current account customers, and the sum that the bank could afford to keep unremunerative.

It was not usual for the banks to publish the figures for the gold they held, but to include them in their balance sheets under the item of "cash in hand and at the Bank of England." Note that Bank notes in the tills and the current account balance at the Bank of England were treated as cash because it was understood that a clearing bank could always exchange notes or realise its balance into gold in the unlikely event of a run on its deposits. This most liquid asset and first line of reserve was maintained at about 15 per cent of liabilities (current and deposit accounts) in 1913.

The Bank of England had two reasons for guarding an adequate gold reserve. Except for £18,450,000 in 1914 (now increased to £19,750,000), which is known as the fiduciary issue, that part covered by Government securities, all bank notes issued must be covered by an equal amount of gold. An increase in the note circulation can only follow

the deposit of equivalent bullion. The acceptance of the Bank note as legal tender in England and its value abroad at par with gold is due to the widespread knowledge that every new note issued has its equivalent value in gold deposited in the Bank's vaults. Secondly, as a private banking institution the Bank of England has its duty to its current account customers, namely, to hold cash against its liabilities in the proportion that years of experience has shown is the minimum of safety. Moreover, in the role of banker's banker it has an added responsibility because of the knowledge that the clearing bankers' balances are considered by them as equivalent to cash. Not since 1875 has there been a day on which the Bank's reserve was not greater than the London bankers' balances.

The bullion held by the Bank of England has largely increased of recent years, especially since the restoration of the gold standard in 1925. It is now nearly ten times the sum held in, say, 1844. The Bank's liabilities have also increased, although not to the same extent. The notes in circulation increased between six and seven times. The result is that the note circulation has become of recent years far more largely backed and supported by bullion than previously. It must be remembered that the strength of a reserve does not lie in the actual amount but in the proportion it bears to the liabilities against which it is held. Since May, 1925, the gold held by the Bank of England has increased whilst the note circulation has considerably decreased, and the proportion of reserve to liabilities has been bettered by 4 or 5 per cent.

The gold reserve of a central bank is also viewed with much interest from a national point of view, an adequate sum being necessary to maintain the credit of the nation in the eyes of the world as recorded by the foreign exchanges. Before the war, when the balance of our trade became adverse (including the "invisible" imports and exports), the supply of bills on London offered abroad or the demand for foreign currency in London, cheapened sterling until the rate of exchange dropped at or below the export specie point. Then bullion brokers could obtain gold from the Bank and export it, and so pay for the debit balance. The free export of gold was prohibited during the war and for a long time afterwards shipments could only be made under licence and usually for Government account, the chief object being to pay our debt to America. Even nowadays the Bank competes in the open market to buy the shipments that come forward chiefly from South Africa, but it seldom remains in the Bank for long if it actually reaches there at all, being immediately dispatched on Government account to America. Smaller sums are still used to maintain our exchanges with Holland, Sweden, Switzerland, etc.

At the time of the proposals that we should return to a free gold market, there were many who were quite convinced that the effort to maintain the pound at par with the dollar could only result in such a drain on the country's gold reserves that the Bank's ratio would fall below the danger minimum and inevitably the Bank Rate would have to be raised to a burdensome height to oppose the demand.

Fortunately, in spite of terrible trade conditions, these disastrous prophecies were not fulfilled. The war upset many economic theories and taught us many new lessons. We saw the result in Russia, Germany, Poland, Austria, etc., of the creation of

an avalanche of paper promises to pay with totally inadequate gold cover and with what disastrous effects on the countries' trade, prosperity, and standard of living. The remedy lay in the creation of a new gold unit equal to, perhaps, thousands of the nearly valueless paper ones. We learn that large quantities of notes can remain in circulation, small change, as it were, and although the country has a declared gold standard and an exchange at par with gold, no gold coins need be in circulation.

Sovereigns have not come into general use, and apparently the populace is quite content to carry on without them. One result of this is that possibly a hundred million pounds of gold that circulated in this country before the war is now replaced by the more economical paper and the Bank reserves strengthened accordingly. On the Continent all the gold is concentrated in the Bank of Issue, but the larger proportion of cover held against the new stabilisation units consists of land, mortgages, and gold currencies such as sterling and dollars. The steady value at par of the new notes depends entirely upon the confidence engendered by the careful restriction of the number issued to the amount of gold and realisable security held.

Many countries have suffered from a shortage of capital, with consequent restrictions of trade and prosperity, but they dare not repeat the remedy previously employed—the printing press. More notes can be put into circulation only when more cover can be secured by the central bank.

Hard work for long hours, economy, and organisation bring about a favourable balance of trade and enable the central bank to buy drafts on London and New York and so build up balances permissible as cover or purchase gold in the open market.

In countries still suffering from over issues of paper and depreciated exchanges it will be found that the gold cover held by the bank of issue has not a predetermined proportion to the note circulation but is increased by purchase whenever possible, and sometimes decreased by external debit payments and used to meet attacks on the weak paper exchanges.

The raising of the proportion of gold to note circulation rests not in the acquirement of more gold but by economy in administration, taxation adequate to meet reduced expenditure, a balanced budget, repayment of sums borrowed, lowered prices, and so in logical sequence to a reduction in the notes outstanding.

The question of the creation of credit based upon a bank's gold reserve is discussed under the heading CREDIT, but it may be noted that there is a necessary tendency in banks outside America to economise the gold in the country and make credit stretch further.

Finally, attention may be drawn to our Treasury note issue which departed from our long tradition of having only notes covered with gold. A movement is on foot to hand them over to the Bank of England and amalgamate with the Bank's present issue. Needless to say the gold reserve will be proportionately attenuated, but there is no reason to visualise a disastrous depreciation of the pound in consequence.

GOLD STANDARD ACT.—The Gold Standard Act of 1925 was passed to facilitate a return to a gold standard in this country. It provides that, until otherwise directed by Proclamation, the Bank

of England, notwithstanding anything in any Act, shall not be bound to pay any note of the Bank in legal coin within the meaning of Section 6 of the Bank of England Act, 1833, and bank notes shall not cease to be legal tender by reason that the Bank do not continue to pay bank notes in such legal coin. Subsection 3 of Section 1 of the Currency and Bank Notes Act, 1914 (which provides that the holder of a currency note shall be entitled to obtain payment for the note at its face value in gold coin), ceases to have effect. Section 8 of the Coinage Act, 1870 (which entitles any person bringing gold bullion to the Mint to have it assayed, coined, and delivered to him), except as respects gold bullion brought to the Mint by the Bank of England, also ceases to have effect. So long as this provision remains in force, the Bank of England will not be bound to sell to any person who makes a demand in that behalf at the head office of the Bank during the office hours of the Bank, and pays the purchase price in any legal tender, gold bullion at the price of £3 17s 10½d per ounce troy of gold of the standard of fineness prescribed for gold coin by the Coinage Act, 1870, but only in the form of bars containing approximately 400 oz. troy of fine gold.

GOOD FAITH.—By the Bills of Exchange Act, 1882, and by the Sale of Goods Act, 1893, it is enacted "A thing is deemed to be done in good faith . . . where it is in fact done honestly, whether it is done negligently or not." In connection with negotiable instruments, Lord Herschell said in a case tried in 1892, "If there is anything which excites the suspicion that there is something wrong in the transaction, the taker of the instrument is not acting in good faith if he shuts his eyes to the facts presented to him, and puts the suspicions aside without further inquiry." (See *BONÀ FIDE, UBERIMÆ FIDEI*.)

GOOD MERCHANTABLE QUALITY AND CONDITION.—This is a phrase frequently met with in written contracts. It signifies that the goods that are stipulated for shall be up to the ordinary standard of quality, and in their customary sound state.

"GOOD SAFETY."—An expression used in shipping and marine insurance documents to designate the condition of the ship at a stated time. This description has been utilised for centuries, and is found in the *St. Mary* policy dated 15th October, 1584 (*à bon salement*). To comply with the requirements of the phrase, it is not necessary that the ship should be undamaged, or even seaworthy. Thus, in the leading case, *Lidgett v. Secretan*, 1870, a vessel which was in a leaky state as a result of a stranding in the River Hooghly, and arrived in Calcutta in such a condition that she was only kept afloat by the constant use of her pumps, was held to have arrived in good safety. All that is requisite, therefore, is that the ship should be in no immediate danger of becoming a total loss.

The Marine Insurance Act, 1906, Section 38, provides—

"Where the subject-matter insured is warranted 'well' or in good safety on a particular day, it is sufficient if it be safe at any time during that day."

GOODS BY RAIL, FORWARDING.—(See RAILWAY, CONSIGNMENT OF GOODS BY.)

GOODS IN TRANSIT.—(See TRANSIT, GOODS IN.)

GOODS IN TRUST.—(See BAILEES, INSURANCE BY.)

GOODS RECEIVED BOOK.—This is a book used in large firms to record goods received in the receiving room. It is a useful record, serving to keep a check on the goods in the room until they are claimed by the department for which they were ordered, as well as to assist in the checking of the railway companies' inward accounts. The following is the usual form of such a book—

GOODS RECEIVED BOOK

No of entry	Date
Railway or other carrier	
From what town	
Sender's Name	
Number and kind of Packages and Marks	
Weight	Carriage paid or to pay
Nature of goods	
For what Department	
Date of Invoice	Amount, £
Signature of representative of Department receiving the goods	

GOODWILL.—This term, though very frequently used and quite well understood, does not appear to be capable of a satisfactory and exact definition, or, at any rate, none has yet been put forward. In one sense, it means every practical advantage which has been acquired by an established business firm in carrying on its trade under a particular name and style, or, to put it in the language of a famous judge, "the probability that the old customers will resort to the old place."

Two legal writers of eminence have thus referred to the subject. One of them (Lord Lindley) has said "The term goodwill can hardly be said to have any precise signification. It is generally used to denote the benefit arising from connection and reputation, and its value is what can be got for the chance of being able to keep that connection and improve it. Upon the sale of an established business its goodwill has a marketable value, whether the business is that of a professional man or of any other person. But it is plain that goodwill has no meaning except in connection with a continuing business, and the value of the goodwill of any business to a purchaser depends, in some cases entirely, and in all very much, on the absence of competition on the part of those by whom the business has been previously carried on." The other (a writer on Commercial Law) has summarised the various definitions thus:—"All that can be gathered from the various definitions is that where the locality of the business premises makes the trade, goodwill represents the advantage derived from the chance that customers will frequent the premises in which the business has been carried on, that where the business is one which depends upon the reputation of a firm, the goodwill consists of the

advantage which the owner derives from being allowed to represent himself as such: that where the business is due to the individuality of the owner, and where its reputation cannot be separated from his, the goodwill is all but non-existent; and that where the value of the business depends upon the business connection, the goodwill consists of the right to be properly introduced to those connections."

Goodwill may exist in three different forms or classes, viz—

(1) Personal, arising from the personal skill and influence of an individual as in the case of an accountant, medical man, or a solicitor

(2) Local, arising from the situation of property or premises, such as a shop in a main road or thoroughfare or the right to trade in a particular market

(3) The reputation of the articles themselves, arising from their high quality and purity, as for example, a known and advertised brand of proprietary goods, such as Bovril or Pears' Soap

The goodwill of a business is frequently one of its most valuable assets, and there is a legal right or interest in it, an incorporeal right, as it is called, which is most jealously guarded. On a conveyance or an agreement for the sale of the goodwill of a business, an *ad valorem* stamp duty is levied. What is the value of the goodwill of a business must depend entirely upon circumstances.

When a business is sold, the goodwill passes to the transferee, and it is most important that nothing should be done by the transferor to interfere with the conduct of the business. The common method adopted is for the transferor to enter into an agreement with the transferee not to compete with him in any similar business. If the agreement is not too wide to be enforced, according to the rules governing restraint of trade (*q.v.*), a transferor will be bound by the agreement. In the absence of any special agreement, the question as to what extent the transferor is bound not to enter into competition with the old firm has caused great trouble to the courts. After a series of varying decisions, the present state of the law may be thus summed up, as the result of the decision in the leading case of *Trego v. Hunt*, 1896, App. Cas. 7: That person alone who has acquired the goodwill of a business is entitled to represent himself as continuing or succeeding to the business of the transferor. When there is no special provision on the sale of the goodwill the transferor is at liberty to set up a rival business, but he is not entitled to canvass the customers of the old firm, and may be restrained by injunction from soliciting any person who was a customer of the old firm prior to the sale to continue to deal with the vendor, or not to deal with the purchaser. The transferor may also publicly advertise his business with similar limitations as to circularising the customers of the former firm. The same principles are applicable to the case where a person has been taken into partnership on the terms that on the expiration of the partnership the goodwill of the business shall belong solely to the other partner. The rule as to solicitation of old customers as laid down in *Trego v. Hunt*, applies to all old customers, even to those who had before solicitation become customers of the transferor of their own accord.

The rules to be derived from the various cases referred to, as to a transferor being bound, apply only when the sale of the goodwill is made by the

person who was enjoying the benefit of it up to the time of the sale. Thus, a bankrupt will not be in any way restrained from setting up a fresh business, similar to that which he has been carrying on, and soliciting his old customers, notwithstanding that the trustee in bankruptcy has sold the goodwill to another person. In the same way, if the goodwill of a business is sold, whatever the covenants may be which are entered into by the transferor, the wife of the transferor is in no way bound by them, and may open a new business on her own account, trading separately from her husband, at once, and solicit the old customers. A clear case of fraud might modify this last rule very considerably, especially if it was clear that the sale had taken place in order to help the wife to commit the fraud.

As the goodwill is often the most valuable part of the partnership property, it should always be sold on the dissolution of a partnership, unless otherwise agreed upon. If there is no agreement as to sale, each member of the old firm who continues to carry on a business of the same kind after the dissolution of the partnership is entitled to the goodwill.

Compensation. The proprietor of the goodwill of any business is entitled to compensation if he is compelled to vacate his premises by reason of the land, etc., being taken under statutory powers, and if it is clear that the goodwill suffers any diminution in value through the removal or extinction of the business. If the parties cannot agree upon terms, the matter is generally referred to arbitration.

Mr Cripps (an eminent authority on the subject) says: "When lands are taken under compulsory powers, the goodwill is not purchased by the promoters, but remains the property of the trader, and the loss suffered by him is the diminution in its value in consequence of his compulsory ejection from the premises he is occupying. So far from the goodwill being purchased or destroyed by the promoters, there are many cases in which the diminution in its value is hardly appreciable, although the trade premises have compulsorily been taken. If a business is of a wholesale character, or is one which consists of orders from a widely extended area, a compulsory change of trade premises would be productive of small loss. If, in addition, convenient premises can be acquired in the immediate neighbourhood of the premises taken, the loss incurred through diminution in the value of goodwill becomes merely nominal, and the owner's only claim to compensation is in respect of any reasonable expenses which the taking of equally convenient new premises has rendered necessary. On the other hand, there are cases in which the diminution in the value of a goodwill may almost equal the entire value of a goodwill. This is the case where a business is retail and local, depending on neighbouring customers, and no suitable premises can be found in the locality within which the business connection extends. When premises are taken and business is carried on at a loss, the owner may be entitled to compensation on the ground that, but for compulsory powers, he would have been entitled to remain on the premises and to carry on his business."

Treatment of Goodwill in Accounts. The value of goodwill as shown in the books of a limited company should be the amount originally paid for it, subject to such amounts as have been written off. The creation of a value for goodwill in the books of

Dr.		A. CAPITAL ACCOUNT.				Cr.	
1927							
Jan 1	To Balance	✓	6,250	0	0	1927	
						Jan. 1	By Balance
						" "	" ½ Share of Goodwill ..
			£6,250	0	0		
							5,000 0 0
							1,250 0 0
							£6,250 0 0
						1927	
						Jan 1	By Balance
							6,250 0 0
Dr.		B CAPITAL ACCOUNT				Cr.	
1927							
Jan. 1	To Balance	✓	6,250	0	0	1927	
						Jan. 1	By Balance
						" "	" ½ Share of Goodwill ..
			£6,250	0	0		
							5,000 0 0
							1,250 0 0
							£6,250 0 0
						1927	
						Jan 1	By Balance
							6,250 0 0
Dr		C CAPITAL ACCOUNT				Cr.	
						1927	
						Jan 2	By Cash
							2,500 0 0
Dr		GOODWILL ACCOUNT				Cr	
1927							
Jan 1	To A's and B's Capital a/cs		2,500	0	0		

a limited company other than the above would be irregular under ordinary circumstances, an instance in which it would be permissible being where the business and undertaking of the company is being sold at an enhanced price to another company. In this case it will be necessary to bring in any additional amount which is to be paid by the purchasing company in respect of goodwill. Goodwill, being an intangible asset, does not, in the ordinary sense of the term, depreciate, but it is usual for amounts periodically to be written off goodwill so as eventually to extinguish that asset in the company's books. (See DEPRECIATION.)

On the other hand, the creation of a goodwill value is frequently made in partnership books. This is often necessitated by the retirement or admission of a partner, otherwise it is usually best to eliminate this figure, charging the amount to the debit of the partner's capital accounts in the proportions in which profits are shared, and crediting goodwill account.

To illustrate the creation and writing off of goodwill, let us assume that A and B are equal partners, whose capitals stand at £5,000 each. They decide to admit a third partner, C, who is to pay £500 to qualify him for a one-fifth share of the profits, and £2,000 as capital.

1st Method. A, B, and C can treat the matter of goodwill privately without affecting the books, C handing to A and B two cheques of £250 each.

2nd Method. The £500 paid by C can be brought into the firm's books, £250 being credited to A's capital account and £250 to B's capital account, thus making the commencing capital of the three partners in the new partnership as A, £5,250, B, £5,250, and C, £2,000.

3rd Method. As C is paying £500 as a qualification for a one-fifth share of profits, the goodwill value is clearly £2,500; and this asset being the property of A and B until C has paid, the same should be debited to goodwill account and credited to A's and B's capital accounts in equal shares.

When this is done, C's capital account should be credited with the whole amount of cash introduced by him, in respect of both goodwill and capital.

It should be observed that if the goodwill account is now written off, the proportions in which profits are shared being A's, B's, and C's, A's capital account will be debited with £1,000, B's " " " " " £1,000, and C's " " " " " £500, thus reducing " " " " " the three partners' capital accounts respectively to A, £5,250, B, £5,250, and C, £2,000, which is exactly the same result as in (2).

An interesting point in the treatment of goodwill in company accounts was discussed in *Stapley v Read Bros.*, 1924, 40 T.L.R. 442. There the company had continuously written down goodwill out of profits for several years, but eventually it made losses and it was decided to revalue goodwill. It was shown that the amounts written off were in excess of proper requirements for depreciation, and it was held that it was quite competent for the company to pass resolutions restoring the excess amount to profit and loss and increase correspondingly the asset account for goodwill.

GOODWILL ACCOUNT.—One method of dealing with goodwill in the books of a partnership business on the admission of a new partner is to raise a Goodwill Account in the books. Such an account will be debited with the total agreed value of the goodwill, and the Capital Accounts of the old partners be credited in the same proportions as they share profits and losses, unless other proportions have been agreed upon. The new partner is paying for his share of the goodwill of the business by permitting the old partners to increase their capital by the amount of the goodwill. From the former's point of view, this is probably the best method of dealing with the goodwill; but see the articles on **GOODWILL** and **PARTNERSHIP ACCOUNTS**.

GOOSEBERRY.—The berry of the prickly shrub, *Ribes Grossularia*, which grows abundantly throughout North and Central Europe, and in the United States, where its introduction began to be attended with success towards the end of the nineteenth century. The best English gooseberries are grown in Lancashire. The fruit is popular both in its fresh and in its preserved state, and is also used in the preparation of certain sorts of vinegar and of wine.

GOURD.—The name of various species of climbing plants of the order *Cucurbita*. The fruit is noted for its size and fleshiness. Some varieties, e.g., the vegetable marrow and the cucumber, are kept for human consumption, while others, e.g., the common pumpkin of Italy, are used as a cattle food. The bottle gourd has a hard outer rind, which is used as a drinking vessel, and the torrefied gourd yields a fibre sometimes employed as wadding for guns. The plant grows in many parts of Europe, Asia, and America, and many species are found in England.

GOVERNMENT DEPARTMENTS.—There are several official departments which have duties of a commercial character and which are, therefore, of particular interest to the business man. Chief of these is, perhaps, the Board of Trade, which is dealt with in a separate article. Particularly of interest to persons who are about to engage in export trade is the Department of Overseas Trade, which is a joint department of the Foreign Office

and the Board of Trade. This Department collects information on such matters as contracts open to tender, special goods in demand, nature of the competition to be expected, special requirements of the local laws as to Customs duties, etc., local credit facilities, shipping and transport, local methods and prejudices in marketing, and other requirements of overseas trading. The Department of Industrial and Scientific Research is engaged in activities directed to the improvement of industrial technique and manufacturing methods, by assisting in the formation of societies for conducting research into the problems of particular trades, by instituting special boards to deal with general research matters, and in other ways. A branch of this Department, known as the National Physical Laboratory, undertakes the testing of materials and scientific instruments, and also research work into special problems.

The Ministry of Agriculture and Fisheries supplies information of all kinds relating to agriculture and the fishing industries. The Ministry is dealt with in a separate article. Then there are the various offices in this country of the Dominions and colonies, these being general information bureaux on all matters relating to their respective countries; while the various museums and libraries contain much of considerable value to the business man. The Patent Office Library should also be mentioned in this place for its value in the commercial sphere. It is described in the article, **PATENT OFFICE**.

GOVERNMENT NOTES.—The Currency notes of the nominal value of £1 and 10s. respectively, which were first issued on the outbreak of the war with Germany in 1914, and which were made legal tender to any amount.

GOVERNMENT STOCK.—(See **NATIONAL DEBT**) **GRACE, DAYS OF.**—(See **DAYS OF GRACE**)

GRAIN.—This is the smallest weight in the systems which are in use in England and America for denoting the weights of bodies. The origin of measures and weights in England is to be found in a grain of barley or wheat. The weight of 32 grains, well dried and taken from the middle of the ear, was called 1 pennyweight. The pennyweight was afterwards divided into 24 grains, and is now an artificial standard.

In a statute of Edward I it is enacted—

(a) "An English penny, now the largest coin in England, which is called a sterling, round and without clipping, shall weigh 32 grains of wheat, well dried, and gathered out of the middle of the ear;

(b) "And twenty of these pence, or twenty pennyweights, shall make an ounce;

(c) "And twelve of these ounces shall make a pound."

The grain is usually taken as the common unit in comparing the system of weight known as *avoirdupois*, containing 437.5 grains to an ounce, or 7,000 grains to the pound, with the *apothecaries'* and the *troy* ounce of 480 grains. The principal terms of the decimal system of weights may thus be expressed in grains—

	Grains.
1 Kilogramme	15432.3488
1 Gramme	15.432349
1 Centigramme	0.15432
1 Milligramme	0.01543

GRAINS OF PARADISE.—The aromatic seeds of the *Anomum grana paradisi* and the *Anomum melegueta*, hence called also *Melegueta* pepper

They are used by the African natives as a spice and a condiment. In England they were formerly much employed in the adulteration of gin, beer, and other fermented liquors, but this was stopped by law, and their use is now restricted to veterinary medicines. Britain's supplies come from Guinea.

GRAMME.—The gramme is the unit of weight in the metric system (*g*). It is the weight of a cubic centimetre of distilled water at its greatest density, *i. e.*, at a temperature of 4° C. or 39·2° F. It is nearly equal to 15½ grains, its exact value in grains being 15·432349.

The English pound, avoirdupois, is equal to 453·6 grammes.

GRAND JURY.—(See *JURY*)

GRANITE.—An igneous crystalline rock, consisting chiefly of quartz, mica, and felspar, but frequently containing various other minerals. The colour varies, of course, according to the nature of the constituent parts, but is usually red, grey, or white, the best British granites being the grey Aberdeen and the red Peterhead. The latter is much employed for columns in public buildings. Granite generally occurs in bosses or amorphous masses, which often extend throughout the length of primitive mountain chains. It is much in demand for great engineering works, specially for bridge construction, and many public buildings are made of it, or decorated with it. Its great durability more than compensates for the difficulty and consequent expense of working it. Granite is quarried in various parts of the United Kingdom and the Channel Islands, and large quantities are obtained from the countries of Northern and Central Europe and from North America. Crushed granite and chippings are used extensively in the manufacture of concrete for bridge, reservoir and road making, and the products of the decomposed granites of Cornwall and Devon furnish china-clay and felspar for the pottery trade.

GRANT.—This signifies, in English law, a conveyance in writing. Since the passing of the Real Property Act, 1845, grants in writing have been effectual for the conveyance of all kinds of property, thus taking the place of the old method of feoffment (*q. v.*).

GRAPE.—(See *WINE*)

GRAPE SUGAR.—(See *SUGAR* and *GLUCOSE*)

GRAPHITE.—A mineral form of carbon also known as plumbago and blacklead. It occurs in granite, schists, and limestones in England, and also in Canada, Ceylon, and Siberia. The famous deposits at Borrowdale, in Cumberland, are now practically exhausted, and most of the graphite used is imported from foreign localities, Ceylon supplying most of the mineral used in crucible manufacture. It occurs in foliated masses, and is used for making pencils, lubricants, and paint, also a refractory material, and as a polish for stoves. A synthetic graphite is also prepared by subjecting coke to a high temperature, and being in a very finely divided state is self-lubricating and reduces friction to a minimum.

GRAPHS.—(See *DIAGRAMS* and *CHARTS*)

GRASS CLOTH.—A somewhat coarse fabric, made principally in China, not from grass, but from the fibre of the *Bushmania nivea*, which, though often mis-named China grass, is really a species of nettle. (See *RHEA FIBRE*.)

GRASS OIL.—A comprehensive name for many volatile oils of different origin. Geranium oil has already been described. Another variety is ginger

grass oil, which is obtained from the leaves of the *Andropogon schaeenanthus*, and much used for adulterating otto of roses. It is known as Idris oil in Egypt. The same plant yields lemon grass or citronella oil, which owes its name to its odour, and is used for scenting soap, for which purpose *Cyperus* grass oil from the South European plant *Cyperus esculentus* is also employed. The latter also serves as a table oil, while that obtained from the *Andropogon warrancusa* is used as a stimulant and as a remedy for rheumatism.

GRASS TREE BALSAMS.—The resinous products of the grass trees or *Xanthorrhoea* of Australia. Several varieties are known of the resin which exudes from the bases of the old leaves. The best known are the Black-boy resin, a red variety, and the yellow Botany Bay kind. These resins are used largely in the manufacture of sealing wax, japanner's gold size, varnishes, and lacquers, and of recent years in the preparation of picric acid.

GRATINGS AND COAL HOLES.—The Towns Improvement Clauses Act, 1847, gave power to the Commissioners (now the local authority) to cause the occupier to remove or alter any porch, shed, projecting window, step, cellar, cellar door or window, sign, signpost, sign iron, showboard, window shutter, wall, gate, or fence, or any other obstruction or projection, provided that any of these things are an obstruction to the safe and convenient passage of the public along any street. If any building, or hole, or any other place, near any street, be, for want of sufficient repair, protection, or enclosure, dangerous to the passengers along a street, the Commissioners may repair the same and recover the expenses from the occupier.

The Town Police Clauses Act, passed in the same year, gives power to the police to take into custody, and to justices power to fine or imprison, any person who leaves open any vault, or cellar, or the entrance from a street to a cellar, or room underground, without a sufficient fence or hand-rail, or leaves defective the door, window, or other covering of a vault or cellar, or who does not sufficiently fence any area, pit, or sewer left open, or who leaves such open area, pit, or sewer without a sufficient light after sunset, to warn and prevent persons falling thereinto.

The rule of law quoted above from the Towns Improvement Clauses Act was embodied in the Public Health Act, 1875, by which all city, town, and urban local authorities are required to see that the law is obeyed. There was a further extension of the rule as to gratings and coal holes in the Public Health Acts Amendment Act, 1890, where the owners or occupiers are required to keep the following in good condition and repair: 'Vaults, arches, cellars, cellar-heads, gratings, lights, coal holes, landings, flags, or stones, all of which, or any of which, are under any street, in the surface of any street, or in the path or street.'

The common law casts a duty, sometimes upon the owner of premises, sometimes upon the tenant. The case of *Pretty and Wife v. Buckmore*, 1378 L.R. 8 C.P. 401, will illustrate the point: A house in St. John's Wood was leased to a tenant for twenty-one years; the tenant was to keep the premises in repair. The tenant entered. In due course the flap or coal plate, which was inserted in the public footway over the tenant's coal hole, became out of repair. A lady was passing along; she stepped upon the insecure coal plate and was injured. The lady's husband brought an action

against the landlord, but the learned Chief Justice Bovill said that the person who was in possession of the premises, and who allowed the coal plate to be in a dangerous condition, was the person responsible to the public for its being out of repair. In this case the tenant was liable and not the landlord. The same result was arrived at in the case of *Bowen v Anderson*, 1894, 1 Q B 164, and it would appear that in the absence of some clear evidence of negligence on his part, the landlord cannot be held liable at all.

GRATUITOUS DEED.—A deed for which no consideration is given. It is the term in Scotch law corresponding to the English voluntary deed.

GRAVING.—The act of cleaning the bottom of a ship.

GRAVING DOCK.—Provision has to be made at ports for the repair of vessels frequenting them. Graving or dry docks, opening out of a dock, are the usual means provided for enabling the cleaning and repair of vessels to be carried out. They require to be built of good water-tight masonry. The entrance has generally a pair of folding gates pointing outwards, to exclude the water, but sometimes it is closed by means of a caisson, viz., a vessel shaped something like the hull of a small ship, and having a keel and two stems, which fit into a groove in the masonry. The caisson is sunk into the groove by admitting water into its interior, and is floated out again by pumping out the water. Keel blocks are laid along the centre line of the dock for the keel of the vessel to rest on when the water is pumped out. The dimensions of graving docks vary considerably. The sizes of some of the largest graving docks are as follows: Liverpool, Gladstone Graving Dock, 1,050 ft long and 120 ft wide; Tilbury, 875 ft by 70 ft by 31½ ft; and Glasgow, 880 ft. by 80 ft. by 26½ ft. Where there is no site available for a graving dock, floating dry docks, built originally of wood, but more recently of iron and steel, have occasionally been resorted to. The first Bermuda dock towed across the Atlantic in 1869, and the new Southampton Floating Dock (opened 1924), with overall length of 960 ft, entrance width 134 ft, and draught of water over keel blocks of 38 ft, are notable examples. The latter is the largest of its kind in the world, and is capable of accommodating any liner at present afloat or in contemplation.

GREASE.—Fatty substances of various kinds often more or less impure. A mixture of tallow and cod oil is used for currying leather; and another mixture, consisting of tallow, palm-oil, soda and water, with an occasional addition of tar, is much employed as a lubricant for the axles of carts. For heavy machines, hydrocarbon oil mixed with graphite is used, and where viscosity is needed the grease contains a large proportion of vegetable oils. The predominance of mineral oils in a lubricant reduces gumming, and this type of grease is used for bearings in gas engines, where the temperatures are high.

GREASY WOOL.—The unscoured wool of sheep, as it is generally imported from South Africa and Australia.

GREAT BRITAIN.—England, Scotland, and Wales form the island of Great Britain, which has an area of 88,745 square miles (See ENGLAND AND WALES, SCOTLAND).

GREAT HUNDRED.—In commercial circles this phrase is used to signify 120 articles.

GREECE.—Position, Area, and Population. The

Republic of Greece, a maritime unit, consists geographically of the southern portion of the Balkan Peninsula, the northern shorelands of the Aegean Sea, the Ionian Islands (Corfu, Cephalonia, Levkas, and Zante), Crete, and the Aegean islands (except Rhodes and the Dodecanese, held by Italy, and Imbros, Tenedos, and Rabbit, held by Turkey). It is bounded on the north by Yugo-Slavia, Albania, and Bulgaria, on the south and west by the Mediterranean and Ionian seas, and on the east by the Aegean Sea and Turkey (Eastern Thrace). Its area is estimated at about 49,000 sq. miles, and its population at 6,386,000, most of whom are Greeks, belonging to the Greek Orthodox Church. The whole history of Greece for the last century has been one sustained effort to create a proper geographical unit for its people, but unity is not yet achieved, for some 2,000,000 Greeks are found outside Greek territory, and continued disturbances in its politics and unrest in its foreign affairs are characteristic of the country. The mountainous nature of the land caused the early formation of clans and City States, and the splendid position for commerce and maritime enterprise has developed a seafaring people, deriving much wealth from commercial pursuits and ship-owning, while the barren nature of much of the surface has resulted in much emigration. Racially, the Greeks are a mixed people, showing in their political and social traditions connection with the ancient Greeks. The purest stock is found among the islanders, the physiognomy of many recalling the ancient statues. Outstanding characteristics of the race are the passion for politics and freedom, the keenness in trade and banking, and the high degree of culture attained, the most cultured in the Balkan area.

Relief. Greece is one of the most mountainous countries in Europe. Tangled chains cover some four-fifths of its surface, the whole group of its peninsulas and islands being a partly submerged section of a single mountain loop of the main Alpine System. In many parts the mountains run down almost to the sea, blending harmoniously with the waters, and forcing the inhabitants to be mariners and mountaineers. The folds of the Dinaric Alps, with their long, parallel limestone ridges, separated by troughs of sandstone and schists, run through the west of the region, and are closely bordered by the great backbone which runs down the centre, right to the south of the Peloponnese (Morea), and is known in the north as the Pindus range, and in the south by many names, ending with the five-fingered range—the "Pentadaktylon"—which runs into the sea at Cape Matapan. Numerous spurs extend from the main range, and the lofty peaks of Mount Olympus, nearly 9,800 ft in the mountains of Thessaly, Mount Parnassus, 8,060 ft, overlooking the Gulf of Corinth, and Mount Taygetos, 7,890 ft. in the Peloponnese, dominate the whole. The mountains are continued in the islands, which are nearly all hilly, especially Euboea, with its conspicuous central range. Mountain-girdled, isolated plains occupy only a small portion of Greece, but they have in all ages been the centres of culture. Among the chief plains are the Aspropotamos (Achelous), Achaia, Elis, and Messenia in the west, where soil and climate are most favourable, and Laconia (Sparta), Arcadia, Corinthia, Argolis, Boeotia, Thessaly, Macedonia, and Western Thrace, in the east, usually less favoured. In rivers and valleys Greece is very poor. Many of the rivers have dwindled to mere brooks, probably due to the

former Turkish neglect of forestry. Only Macedonia has important rivers, which flow from north to south at almost equal intervals to the Aegean Sea—the Vardar, the Struma, the Myesta, and the Mantza. The future draining of these river valleys will provide occupation and settlement for a large population. Dry in summer, rapid and muddy in winter, seldom navigable, and sometimes disappearing into the earth and afterwards reappearing, the rivers of Greece play little part in its history or its

The coast, which is almost everywhere mountainous, and deeply indented by great gulfs and innumerable small bays, is immense in proportion to the size of the country. There are many good harbours and even more inlets that might be converted into harbours. The coast-line is also protected at many points by islands, like Corfu and Euboea, which create natural roads in which shipping can lie in safety. Gulfs on opposite coasts divide the country into three parts, Northern Greece, Central Greece,



wealth. The classical streams still flow in diminished volume—the Spercheus, through the Pass of Thermopylae, the Alpheus in northern Peloponnese, the Eurotas in Sparta; and the Styx in Arcadia. Malarial marshes, especially at the river mouths, plague the country, and their draining (as yet only very partially accomplished) would add to the wealth and health of Greece. Lakes abound—Phonia in the Peloponnese, Agrinion in Acarnania; and, besides all the remarkable lakes of northern Greece, the large body of water in Boeotia, known as Copais, formerly covering some 58,000 acres, but now a largely reclaimed fertile area.

and the Peloponnese. The last-named is connected only by the low and narrow Isthmus of Corinth, across which the Gulfs of Corinth and Aegina are now united by the Corinth Ship Canal (4 miles long, 26 ft deep, and 70 ft wide), which shortens the voyage from the Ionian Sea to the port of Athens by 202 miles.

Climate. Climatically, Greece is governed by the two factors of mountain and sea. The climate is, therefore, marked by extremes of heat and cold, common to mountainous countries surrounded by the ocean. On the low grounds the typical Mediterranean climate prevails—hot and almost rainless

summers with warm and rainy winters, though frost and snow are not unknown. The rainfall is considerable in the west but small in the east, where the drought is often excessive. In the mountains, rain falls in summer and much snow in winter. Local diversities of climate are produced by the crossing of mountain ranges and the capricious inlets of the sea. The eastern plains, exposed to continental influences, show the greatest extremes of temperature.

Heat and cold vary so much throughout Greece that the mean annual temperature is not higher than 62° F. The monthly mean temperature of Athens varies from 81° F. in July to 47° F. in January, while Salonika has a mean temperature of 79° F. in July and 41° F. in January. Athens has a mean annual rainfall of 16 in., Salonika, 17 in. Most perilous to health is the sirocco or Litas, a fiery wind blowing at the end of the summer.

Vegetation and Fauna. The typical tree of the Greek valleys is the olive, which supplies Greece with its most characteristic fruit, providing "bread and butter," great nourishment in small bulk. The vegetation, typically Mediterranean, varies according to height. On the lower levels are found the laurel, the myrtle, the oleander, the lentisk, the white poplar, the cypress, and the plane. Between 1,500 and 3,500 ft. grow the trees of the more temperate parts of Europe—the oak, the chestnut, the pine, and the elm. Above that level the vegetation assumes an Alpine character, the beech and the pine being the chief trees. In the short, sunshiny spring, anemones cover the hillsides, displaying every kind of colour, but in July and August colour is absent, save the blue of the distances and the scarlets of the sunsets. In recent years afforestation has received attention, and one-fifth of the mainland is now forested. Goats, most popular with the peasantry, however, still work havoc on the young shrubs.

Hares, rabbits, and foxes are plentiful. Badgers, martens, and weasels are found in all parts, and polecats in the forests. Chamois inhabit the mountains, boars the wooded districts, and wolves the remote parts. Birds, most of them migratory, abound. Among them are the imperial eagle, the golden eagle, the yellow vulture, the falcon, the owl, the wood-pigeon, the partridge, and the widgeon. Storks are to be seen in great numbers in the Vardar lowlands, and snakes, few of which are dangerous, are scattered throughout the country. The surrounding seas are rich in fish life, which provides a living for a large fishing community. The dolphin, the favourite of the ancient Greeks, is still common in the Aegean Sea, and even whales are sometimes seen.

Industries.—*Agriculture.* Greece is mainly an agricultural country, more than half of its people gaining a livelihood from the soil by producing more largely the luxuries than the necessities of life. Agriculture is spreading gradually over the singularly bare and arid country, but only one-fifth is as yet under cultivation. The industry suffers from the dryness of the climate, the scarcity of rivers for irrigation purposes, the prickly bush (phrygana), which covers much of the surface, the thin and often infertile soils, the backward methods adopted (except in the richer areas), and the lack of co-operative societies and agricultural banks. Peasant proprietorship and the métayer system are common, and only in

Thessaly are there many large proprietors. Greece is incapable at present of producing sufficient staple food-products for its people. Maize, oats, and barley are extensively cultivated, but there is always a great deficiency of wheat. Thus Greece is subject to the possibility of blockade by any Western power. The chief fruits are olives, oranges, lemons, dates, almonds, pomegranates, figs, citrons, mandarins, peaches, apricots, pears, cherries, nuts, sultanas, and currants. During the last century currant-growing has shown a remarkable expansion, and has brought much wealth to the small proprietors. Currants are grown chiefly along the sea-coast, and especially along the shores of the Gulf of Corinth, the coast of the western Peloponnese, and on the islands of Cephalonia, Levkas, and Zante. Almost the whole of the currant imports of Western Europe come from Greece and Asia Minor. The cultivation of the mulberry-tree, though less extensive now than formerly, is still a large industry. Tobacco is grown over a wide area, and especially in the east. There is great competition in the qualities of the tobaccos, and a high skill in tobacco-curing. The best brands come from the districts of Lamia, Agrinion, Xanthi, and Kavala. Turkish and Egyptian cigarettes are mainly made of Greek tobacco. Besides the currant-grape, Greece produces the "Roditi," the "Moschato" (the muscatel) and the sultana (a white seedless-grape). Wine-production is on a fairly large scale, but the quality of the product is low. Cotton is grown in Thessaly and Boeotia, and rice in Macedonia, and Hyettus is famous for its honey. More stable conditions in Greece in the future will doubtless attract capital to reclaim much of the land, and possibly the country will become self-sufficing in grain.

The Pastoral Industry. In the mountainous areas pastoral occupations predominate. Sheep number 5,800,000, goats, 3,800,000, cattle, 690,000; asses, 244,000, and mules, 128,000. Two kinds of cheese are made—sliced cheese in brine (*Fetta*) and head cheese. The industry does not yield enough for local needs.

Forestry and Fishing. The wasted forests do not supply local needs, and, though the fishing industry is progressing, much fish has to be imported. Bath sponges are important products of the Ionian waters.

Mining. The most abundant minerals are silver-lead and marble, largely monopolised by Attica in the Laurium mines and Pentelikon quarries. Admirable statuary marble comes from the Attic quarries of Mount Pentelcus and the quarries of the Isle of Paros. Iron is mined at Laurium, Euboea, Serphos, and Larumna, emery at Naxos, sulphur at Santorin, chrome at Phersala; and magnesite at Euboea. Lignite is found, but true coal is completely absent, and thus manufacturing development is seriously retarded.

Manufactures. Want of coal, little water-power, inferior communications, and lack of capital prevent great industrial development. The chief manufactures are olive-oil, flour, smelting, textiles, ship-building, wine, leather, and soap. Around Athens and the Piræus there are about 100 factories—flour and cotton mills, factories for cloth and silk spinning. The Greeks are skilled in sculpture, marble-cutting, and embroidering in gold and silver.

Communications and Trade. The roads (3,000 miles) are poor, and railways (1,500 miles) are gravely inadequate. A railway from Athens follows the Aegean shore through Larissa to Salonika, near

which a line runs west to Monastir in Yugo-Slavia. From Salonika the main line runs up the Vardar valley, sending a branch to Dede Agach to join the Orient Express route south of Adrianople. A line from Athens follows the northern coast of the Peloponnese to Patras by way of Megara and Corinth, and continues round the western coast to Pyrgos, Kyparissia, and Kalamata. Another line crosses the Morea from Corinth through Tripolitza to Kyparissia. Thessaly is served by a line running from west to east across the main route between Athens and Salonika. The Corinth Ship Canal, which accommodates vessels up to 1,500 tons, both shortens the journey between the Ionian and Aegean islands, and avoids the dangerous rocks around the Island of Cergo. It is little used, however, on account of its narrowness and its strong currents. The water between the Island of Levkas and the mainland is too shallow for ships trading with Corfu from the south, and the deepening of this channel is under consideration. Greece has an extensive steamship service with all parts of the world, while smaller boats ply between the islands. Throughout Greek history shipping has been important, and the mercantile marine of to-day, which does much of the carrying trade of the eastern Mediterranean, consists of 300 steamers of 449,000 gross tonnage, as well as over 1,000 sailing vessels. There are 10,560 miles of telegraph lines, and 7,740 miles of telephone lines. The Eastern Telegraph Company maintains a cable service with the islands and with the principal capitals of the world, and Athens has an important wireless station whence messages can be sent by way of Italy to all parts.

Most trade is carried on with the United Kingdom, France, Russia, Germany, Italy, Austria, Hungary, and the United States. The chief exports are currants (the most important export), tobacco, wine, olive oil, figs, cognac, hides, lead, iron ore, magnesite, iron pyrites, chrome ore, emery, marble, sponges, and valonia (acorns), and the chief imports are grain, cotton (raw, yarn, manufactured), fish, coal, animals, woollen goods, building timber, hides, paper, coffee, sugar, iron and steel, glass and earthenware, silk goods, and chemicals.

Trade Centres. *Athens* (301,000), the centre of ancient Greek culture, "the eye of Greece, mother of arts and eloquence," and the modern capital, stands 6 miles from the sea, in one of the little plains opening southward on the beautiful island-studded Gulf of Aegina. Its beginning was a small fortified settlement on the hill of the Acropolis, round which the modern city extends. It is an art centre, international seat of learning, and an administrative and commercial centre.

Pyraeus (135,000) is the port and suburb of Athens. It deals with 53 per cent of the imports of Greece, but its exports are small. Its chief manufactures are ironware, cutlery, glass, and cotton.

Salonika (171,000), on the Gulf of Salonika, at the exit of the Vardar route, has become, since the completion of the new harbour in 1901, one of the chief ports of southern Europe. It serves as a port for Yugo-Slavia. Its chief exports are grain, hides, cattle and sheep, olives, raw silk, manganese, and tobacco; and its chief imports are textiles, iron goods, sugar, coffee, and chemicals. Cotton mills, tanneries, soap-works and iron foundries are included in its industries.

Patras (53,000), situated on the slope of a hill overlooking the Gulf of Patras, is the Morean "currant" port, an agricultural centre, and an

emigrant centre. It exports currants, sultanas, hides, wine, tobacco, and olive-oil, and imports linen goods, machinery, and coal. Its manufactures include tobacco, flour, and wood.

Volos (31,000), at the head of the Gulf of Pelion, has become the chief port of Thessaly since the completion of a new harbour and breakwater. It has a large general trade, the chief imports being cereals, coffee, rice, wrought metals, and textile fabrics.

Other towns are: *Corfu* (27,000), the chief town and port of Corfu; *Candia* (25,000), and *Canea* (24,000), the chief towns of Crete; *Kavala* (23,000), a Macedonian port; *Larissa* (21,000), the capital of Thessaly; *Kalamata* (21,000), a small Morean port; *Syra* or *Hemoupolis*, the most important Aegean trade centre; *Tripolitza* (11,000), *Trikkala* (18,000); *Pyrgos* (14,000); *Zante* (14,000), *Chalcis* (12,000), *Argyrocastro* (11,000); *Korymba* (9,000), *Dedeagach*, outlet for Bulgaria; and *Corinth* (4,000).

Government. Greece became a Republic on 25th March, 1924. The legislature consists of a Senate of forty members, and of a Chamber of Deputies (or *boulé*), elected for four years by universal manhood suffrage.

The time of transit to Athens is about four days. **GREENBACKS.**—This is the common name given to the notes which were first issued by the Government of the United States in 1862. The backs of the notes are printed in green ink, hence the name. They are legal tender in the United States.

GREENGAGE.—A green, cultivated variety of plum, which, though grown in England, is much imported from France, where it is called "Reine Claude." The pulp, used in jam-making, is placed on the market in 3 cwt casks, 5 cwt hogsheds, and also in 2 or 3 gall bottles. Greengages are sold in $\frac{1}{2}$ bushels of 28 lb, while foreign produce is imported in 9 to 12 lb boxes, 14 to 18 lb. sieves, or baskets of several sizes.

GREENHEART or **BEBEERU.**—A species of laurel, valued for its hard and durable timber, which is much used in large engineering works, especially for shipbuilding. A febrifuge known as *bebeeru* is obtained from the bark. The tree is found in the West Indies and in Guiana.

GRESHAM'S LAW.—Sir Thomas Gresham, the founder of the London Royal Exchange, to whom is also attributed the introduction into our monetary system of that most potent agent of circulation—the cheque—was the chief financial adviser of Queen Elizabeth. The "law" which he, first of the moderns, enunciated clearly, is an application to coinage of a principle long known, inherent indeed in human nature. Expressed generally, it comes to this: If two articles in my possession can be equally well applied to some one purpose, I apply to that purpose the article which I value the less. Yesterday's paper is just as good for lighting the fire as to-day's, but to-day's is more useful in other respects, and so I light my fire with yesterday's. Applied particularly to money, the law may be thus stated: When two coins of unequal value are equally good for releasing from debts, the poorer coin alone remains in circulation; or, in the usual epigrammatic form: "Bad money drives out good, but good money cannot drive out bad." If the State treats pieces of full weight and high standard as of equal value with lighter pieces of lower standard, and seeks to compel its subjects to do likewise, the better coin

will disappear from circulation. The inferior coins will remain in the one market where they fetch the same price as the superior coins. The superior coins will assume some form, or betake themselves to some place where their superiority is an advantage.

Unless there is an effective withdrawal of the inferior coinage, or unless the better coinage is rated higher, the better coinage cannot survive. A good example is afforded by the various South American States of to-day. No one dreams of paying in gold when a depreciated paper currency will serve the same end.

For we may regard the piece of paper as a very inferior coin, so inferior that it owes all its power of purchase to the Government fiat. This fiat may be effective in a slight degree, but it is speedily put to a severe straining. When people find that the paper commands less in the market than the displaced coin did, no amount of Government authority is enough to make them regard the two as equal to one another.

The occasion of Sir Thomas Gresham's remarks was the sterile astonishment with which his contemporaries noted that the heavy, new coins issued from the Mint disappeared in mysterious fashion, while the old, clipped, worn, and debased coins continued to circulate everywhere. Elizabeth's revered father, the first Defender of the Faith, had not kept faith with his creditors or his subjects. He had, by debasing the standard, "that least covert of all modes of knavery," conferred on all debtors a licence to rob their creditors. The famous financier persuaded the Queen "to call down," in 1580, the amounts at which the depreciated coins would be received in payment of public or private debts. Their debt-paying power was now no more than was justified by their weight of fine metal. There was no incentive to cull heavy coins for the crucible, or for export, or for hoarding.

Gresham's lesson did not, it would appear, make a lasting impression. In the reign of Charles II a resolution was made to reform the coinage. Till then the coins had been made in what we should imagine a very primitive fashion. The metal was cut by shears, and was shaped and stamped by the hammer. A uniform weight could hardly be expected, and few of the coins were quite round. The rims were not marked, so that it was quite easy to clip away a portion of the coin without being detected. To the question, "whose is this image and superscription?" could not then have been made a full answer. The image alone could be guessed at; the superscription on most of the coins had disappeared. The rigorous laws enacted against clippers in Elizabeth's reign failed to lessen appreciably the fraudulent practice. Though hangings were frequent, the clipper pursued his lucrative calling. Some reform was imperative. To effect the desired improvement and to lessen the chances of clipping, a mill, which in great measure superseded the human hand, and which turned out coins difficult to counterfeit, perfectly round, and having the edges inscribed, was set up on Tower Hill. It was expected that the excellent new money would quickly displace the old impaired coinage; but since the milled and the hammered coins were current together, and were legal tender without distinction, the milled coins went into the melting-pot or crossed the Channel. The people, perversely as it seemed to many, continued to employ the old, light, battered coins in monetary transactions. "The horse in the Tower still paced his rounds. Fresh waggon loads of choice money still came forth

from the mill, and still they vanished as fast as they appeared. Great masses were melted down, great masses exported, great masses hoarded, but scarcely one new piece was to be found in the till of a shop, or in the leathern bag which the farmer carried home from the cattle fair. In the receipts and payments of the Exchequer the milled money did not exceed ten shillings in a hundred pounds." It was a matter of chance whether what was called a shilling was really tenpence, or sixpence, or fourpence; there was for practical purpose no measure of the value of commodities, and it became absolutely essential that vigorous and intelligent efforts should be made to relieve trade from its embarrassments and disorders. The efficacy of the great re-coinage of 1696 was assured by the decision that, after a definite date, only the new coins should be current, the old coins should no longer pass by tale but by weight like other commodities.

All the more enlightened nations now take elaborate precautions against the loss of their good money and its supersession by light or debased money. But there was a danger in the United States, before the annulling of the Sherman Act in 1893, that gold would disappear from the currency and depreciated silver take its place: people were beginning to make gold contracts and use gold reserves. And in some countries, like the Argentine, the depreciated paper money, which is inconvertible—which cannot, that is, be turned into cash on demand—has almost displaced gold and silver, which are at a constant premium. In our case the sovereign, our unit of value, is not current below a certain weight: when issued from the Mint it is 123.25 grains, if it falls below 122.5 grains it is not legal tender. And in order that there shall be no temptation to keep abraded coins in circulation, they are automatically withdrawn by the banks and passed on to the Bank of England, which takes them for the Mint at their full value. The loss caused by usage is, therefore, borne, as it should be, by the public; and, as a result, we have a currency which is undoubtedly the best in the world.

GRIFFITH'S VALUATION.—About a quarter of a century after the Union of Great Britain and Ireland, in fact, in 1825, the Government of the day resolved upon a valuation of the land of Ireland being made, the main object being the preparation of a basis upon which taxation should be fixed. It was not until 1845, however, that the project was really taken in hand, when Mr. Richard Griffith (afterwards Sir Richard Griffith) was appointed commissioner to superintend the valuation. The result was made known in 1850, and the report was called Griffith's valuation. There has been much criticism devoted to this report; but it has been found exceedingly useful as a basis for taxation as well as for arriving at the fair rents to be paid under the various Irish Land Acts.

GRINDSTONES.—These circular stones of sandstone or gritstone are found in a natural state in Staffordshire. They are secured to an axle and revolved by steam for the purpose of grinding or sharpening cutlery, edge tools, etc. There is a growing demand for artificial grindstones, which consist of grains of sand mixed with silicate of lime.

GROAT.—An old English silver coin of the value of fourpence. It is not now issued except as Maundy Money (*q.v.*).

GROATS.—Husked oats. Embden groats is the name given to the ground variety.

GROCER.—This name was originally applied to a person who sold goods by the gross or wholesale. Now it signifies a dealer in tea, coffee, sugar, and other similar produce generally.

GROCERIES.—The commodities dealt in by grocers. The name given to a grocer's shop in America is a grocery.

GROSS.—As a noun, this word is applied to the reckoning of goods, etc., and originally signified a great hundred. It now indicates twelve dozen.

As an adjective, gross is the opposite of net (or nett) (*q v*), and means the full weight or quantity of any commodity, without making any allowance or deduction of any kind whatever. It is derived from the Latin *crassus*, "thick," through the French *gros*.

GROSS PROFIT.—The difference between the cost price and the selling price of goods. As goods often have work done on them which adds to their value before sale, all such expenditure is, of course, added to the original cost, in order to arrive at such cost price, and in the case of the manufacturing of goods, all costs of production of every description are taken. These include cost of material, wages, management salaries, rent, rates, light, heat, power, insurance, trade expenses, upkeep and depreciation of machinery and plant, etc. In cases where distribution takes place from the factory, it is often difficult to fix the exact point in the accounts where production expenses end and distribution expenses commence, and in these cases, in taking out the manufacturing account, in order to arrive at a gross profit, a point is struck, including all items which are clearly expenses of production, and succeeding accounts are always drawn to the same point, thus ensuring uniformity of comparisons between periods.

GROSS RECEIPTS.—This signifies the total receipts before any deductions whatever have been made for expenses of any kind.

GROSS RENTAL.—The rent of a property before any deductions have been made for rates, taxes, repairs, or other outgoings.

GROSS VALUE.—Gross value is a term often applied to property, and means the rent which a tenant might reasonably be expected to pay, taking one year with another, for any particular piece of land or tenement, if such tenant undertook to pay all the usual tenant's rates and taxes, and if the landlord on his part undertook to bear the cost of repairs, insurance, and other expenses, if any, necessary to keep and maintain the property or tenement in such a state as to command that rent.

GROSS WEIGHT.—The actual weight of any goods, etc., together with the package or packages, etc., in which they are contained. The weight of the package, etc., is known as the "tare" (*q v*), and that of the goods only as the "net (or nett) weight."

GROUNDAGE.—The tax that is paid by a ship for the use of the ground or space that is occupied by it whilst it is in port.

GROUND NUTS.—The fruit of the *Arachis hypogaea*, a leguminous plant of West Africa, where it is used as a food. It is cultivated also in India, China, Egypt, and the Sudan, East Africa, the West Indies, and United States, and large quantities are imported into France, Germany, and Holland for extraction of the oil. The nuts are also sent to England chiefly for use in confectionery. The oil is employed as a substitute for olive oil and in soap-making, the chief seed-crushing centre being Marseilles.

GROUND RENT.—This is a payment in the form

of rent which is made to the owner of freehold property (*q v*), by the person who takes it from him, for the use of the land for a specified period. It is upon the terms of the payment of a ground rent—the periods of payment being yearly, half-yearly, or quarterly, according to agreement—that land is generally let out for building purposes. At the end of the specified period everything attaching to the land reverts to the freehold owner. It is generally considered a very good investment to purchase land to which ground rents are attached. Not only is the security good, but there exists the power of distress (*q v*), which renders the regular payment of the interest on the money invested, *i e.*, the rent, almost certain. Again, at the end of the stipulated period, the value of the property may have increased very considerably, owing to the existence of the buildings upon it.

GROUP ASSURANCE.—This scheme of life assurance, though very common in the United States, is not very popular in this country, and few British offices are willing to undertake it. It provides life assurance for groups of employees in factories or large firms at low premiums (generally about £1 per cent per annum). No medical examination is required. The scheme may be contributory, partially contributory, or non-contributory. The sum assured, as a rule, is either £100, or a year's salary, or is dependent on length of service. The usual conditions are that the group must be sufficiently large to secure a fair average, the whole staff must be included, and it should contain a majority of sound and comparatively young lives working under satisfactory conditions. A minimum length of service (six months), a maximum age limit, and a maximum period (five or seven years) of risk are often stipulated. The total premiums payable are re-adjusted each year according to the number of assured, so that the plan is, in effect, a collective temporary assurance renewable annually. It is sometimes provided that on leaving service an employee can effect a whole life or endowment assurance policy for the same amount without medical examination at the tabular rate of premium for his then age. But even with this provision, the assurance-protection afforded by the scheme is relatively small and somewhat precarious.

GRUYÈRE.—A rich cheese, which takes its name from the Swiss town where it is made. The industry has now spread to the whole canton of Freiburg.

GUAIAIACUM.—The name of a West Indian tree, the *Guaiacum officinale*, and of its resinous product. The wood (known as *Lignum vitae*) is hard and durable, and is much used for ships' blocks, bows, pestles, rulers, etc. The greenish resin has a pleasant odour and a sweetish taste. It is useful medicinally as a stimulant, and is employed in the preparation of various pills, powders, and tinctures.

GUANO.—The important manure consisting of the excrement of various sea-fowl and of other marine animals, such as seals. It contains all the elements necessary for plant life, being rich in phosphatic and nitrogenous compounds. The proportion of the latter is greatest in dry regions, and the most valuable nitrogenous guano is found off the Peruvian coast, while guano in which the phosphatic constituents preponderate is found in many islands of the Pacific and off the coast of Bolivia. The trade is declining owing to the exhaustion of supplies, and there are many artificial manures on the market, though fish guano is still obtained from

Norway, and bats' guano from Texas and the Bahamas.

GUARANTEE.—A guarantee is a contract whereby one person, the promisor or guarantor or surety, as he is variously called, undertakes to be answerable to another person, who is called the creditor, for any possible loss in respect of or due to the debt, default, or act of a third person, called the principal debtor, who is, or is about to be, under a primary legal liability to the creditor. More shortly defined, a guarantee is a contract to perform the promise or discharge the liability of a third person, in case of his default. It will be seen from these definitions that a contract of guarantee, or a contract of suretyship, as it is sometimes called, is a kind of accessory or auxiliary contract, for, except in circumstances so rare as to be hardly worth mentioning in an article of this nature, such a contract cannot have an entirely independent existence: it must depend upon and have relation to another contract between the creditor and the principal debtor, and the surety cannot be called upon under his guarantee until the principal creditor is in default under such other contract. It is important to recognise this distinction between a guarantee and an entirely absolute and independent contract, because the rules of law we are now about to discuss may have no application to the latter kind of contract, and it is, in practice, frequently of vital importance to ascertain whether a particular contract is a guarantee, and so subject to special rules, or whether it is an independent contract, such as a contract of indemnity, which will only be subject to the ordinary law regulating contracts (*q.v.*). The dividing line is often a very thin one, and there is sometimes considerable difficulty in ascertaining into which class a particular contract falls. An indemnity has been defined as a contract, express or implied, to keep a person who has entered into a contract, or who is about to enter into one, indemnified against loss under the contract, independently of the question whether a third person makes default. A policy of fire insurance is a well-known form of an express contract of indemnity, and the contract of agency (*q.v.*) gives rise to a familiar example of an implied indemnity, a principal being bound to indemnify his agent against the consequences of all lawful acts done by the agent in pursuance of his authority. The test to be applied in order to distinguish between the two forms of contract is to discover whether the person who makes the promise is primarily liable thereon, or does his liability depend upon the previous act or omission of someone else, if the former, it is an indemnity; if the latter, a guarantee. A simple example may make this clear. A and B go to a tailor's shop, and A says to the tradesman: "Make B a suit of clothes, and if he does not pay you, I will." This is a guarantee by A to the shopkeeper. If, on the other hand, A says: "Make B a suit of clothes and I will pay," or "put it down to me," then A makes himself primarily liable, and the contract is one of sale. But if A had used some such words as: "I will see you don't lose by the transaction," then the attendant circumstances would have to be inquired into, to see whether he was giving an indemnity, or was guaranteeing that B would pay for the clothes.

Formation of the Contract. Guarantees are subject to the ordinary requirements of contracts; there must, for example, be mutual assent of the parties to the contract, the parties must be capable of con-

tracting, and there must be a valuable consideration unless the contract is under seal (See CONSIDERATION, CONTRACT, DEED). If there is a sufficient consideration existing, it is not necessary that it should be stated in the written document which embodies the contract of guarantee. In addition to compliance with these general requirements, there is a further essential to the validity of a guarantee—*there must be a memorandum in writing of the terms of the contract sufficient to meet the requirements of Section 4 of the Statute of Frauds* (29 Car. 2, c. 3), which enacts that no action shall be brought upon any special promise to answer for the debt, default, or miscarriage of another person, unless the agreement upon which such action shall be brought, or some memorandum or note thereof, shall be in writing and signed by the party to be charged therewith, or some other person thereunto by him lawfully authorised. (For what amounts to a sufficient memorandum to satisfy the statute, see FRAUDS, STATUTE OF.) An indemnity does not need to be in writing. Although an oral guarantee cannot be sued upon, it is not void, and if a person pays money under it he will not be able to recover the money back again. By a later Act of Parliament, known as "Lord Tenterden's Act," no representations as to the character, conduct, credit, ability, trade, or dealings of any other person, in order to obtain him credit, can be sued upon unless made in writing and signed by the party to be charged.

A guarantee not under seal must bear a 6d stamp; if by deed, the stamp is usually 10s. A guarantee to pay for goods to be supplied to a third person does not require a stamp, nor do representations as to character, etc., under Lord Tenterden's Act.

Surety's Liability. The liability of a guarantor or surety does not arise until the principal debtor has made default, and, subject to that, the extent of the liability will depend upon the terms and conditions of the contract, for a surety is entitled to insist on a rigid adherence to these by the creditor, and cannot be made liable for anything more than he has undertaken, and in the interpretation of the terms and conditions the ordinary rules of construction (see CONTRACT) will be applied. Dealing with a guarantee as a mercantile contract, the court does not apply to it merely technical rules, but construes it so as to give effect to what may fairly be inferred to have been the real intention and understanding of the parties as expressed by them in writing, and *ut res magis valeat quam pereat*, or with a strong leaning towards making the contract effective rather than to destroy it.

A guarantee may be only in respect of a single transaction or for a specified time, or it may cover a series of transactions, when it is called a "continuing guarantee," and endures until the things contemplated by the parties and covered by the guarantee have all happened, or the guarantee has been revoked. Unless otherwise agreed, a continuing guarantee is revoked by any alteration in the persons to or for whom it is given, thus, the retirement or death of a partner in a firm to whom a guarantee has been given will generally discharge the surety (See also FIDELITY GUARANTEE).

As soon as the principal debtor has made default, such not being due to the misconduct or with the connivance of the creditor, the latter may proceed against the surety, without being under any necessity, unless the contract otherwise provides, of first suing the principal debtor and of taking any other form of proceedings against him. Of course, if the

contract contains any condition precedent to the surety being liable, that condition must be fulfilled. A common example is the stipulation, in a contract, to guarantee payment for goods sold, that the goods shall be delivered to the purchaser. In such a case, though the day on which the purchaser was to pay the price has passed, the surety cannot be called upon until the goods have been delivered. If a surety becomes bankrupt, the creditor may prove against his estate for the amount of the guarantee.

Surety's Rights. A surety has certain well-defined rights against (1) the creditor; (2) the principal debtor, (3) any co-surety

(1) Any time before default, a surety is entitled either to call upon the creditor to require the principal debtor to pay or to do the agreed thing, but he cannot compel the creditor to proceed against the debtor without giving him an undertaking to indemnify him against all risk and expense, or to pay off the creditor and then sue the debtor. The surety on being sued by the creditor may set up any defence that the principal debtor could have raised had he been sued; and as soon as he has paid what is due from him, he is entitled to be placed in the same position towards the principal debtor as the creditor was, and to have and exercise all the rights and securities of the creditor in respect of the debt, default, or miscarriage to which the guarantee relates. This last-mentioned right is sometimes, though not very accurately, referred to as the "right of subrogation."

(2) A surety who has undertaken the obligation at the request of the debtor, which request may be implied, has a right to recover from the debtor complete indemnification in respect of all the surety has to pay under the guarantee, and to call upon the debtor to exonerate him from liability to the creditor. He can recover by action all moneys properly paid by him under the guarantee, with interest, and, in some cases, the costs of defending an action brought by the creditor.

(3) If two or more sureties have joined in giving the guarantee, a surety who has paid more than his proper share in respect thereof is entitled to receive contribution from his co-sureties, and if these are bound in varying amounts, they must contribute proportionately. In settling the contribution, only those sureties who are able to pay are reckoned. Thus, if there are three sureties, and one has become bankrupt, the surety who has had to pay can recover one-half of the amount from the other solvent surety. This right exists whether the sureties are bound by the same or different instruments, so long as the liability is a common one; and even though the surety claiming contribution did not know when he signed the guarantee that there were or were about to be other sureties. A surety cannot enforce contribution if he has been guilty of any wrongful concealment from, or misrepresentation to, his co-sureties.

Discharge of the Surety. A guarantee may be bad *ab initio*, or may be avoided on any ground which affects the validity of an ordinary contract (*q.v.*), and the surety will thereby be relieved from liability. Among these grounds are failure of consideration, non-performance of conditions precedent, a material alteration of the memorandum or writing, payment, fraud, misrepresentation, and non-disclosure or concealment of material facts in certain cases. Though a contract of guarantee is not necessarily one of the class *uberrimae fidei*, which impose on a party the duty of making full

disclosure of all matters likely to affect the mind of the other party as to whether he will enter into the contract or not, still under some circumstances it is a creditor's duty to make facts known to the proposed surety, thus, in the case of a guarantee given for the fidelity of a servant, the creditor should disclose such a fact as that the servant had already embezzled money and been forgiven.

A surety is also discharged from liability by any material variation of the terms of the independent contract (see above) between the creditor and the principal debtor, which may be arranged without the surety's consent, if such variation operates to the prejudice of the surety. Thus, a surety for a contractor will be relieved from liability if the creditor makes greater interim payments to the contractor than the building contract authorises. The rule on this point has been well stated in the following terms by Lord Justice Colton in *Holme v. Brunshill*, 1877, 3 Q B D 495, at p 505—

"If there is any agreement between the principals with reference to the contract guaranteed, the surety ought to be consulted, and if he has not consented to the alteration, although in cases where it is without inquiry evident that the alteration is unsubstantial, or that it cannot be otherwise than beneficial to the surety, the surety may not be discharged: yet if it is not self-evident that the alteration is unsubstantial, or one which cannot be prejudicial to the surety, the court will not, in an action against the surety, go into an inquiry as to the effect of the alteration, or allow the question whether the surety is discharged or not to be determined by the finding of a jury as to the materiality of the alteration, or on the question whether it is to the prejudice of the surety, but will hold that, in such a case, the surety himself must be the sole judge whether or not he will consent to remain liable notwithstanding the alteration, and that if he has not so consented he will be discharged."

A surety is also discharged if the creditor legally binds himself to give further time to the principal debtor. Mere inactivity on the part of the creditor to enforce his rights does not amount to giving time, but any neglect of the creditor to do what he is bound to do for the protection of the surety will operate as a discharge. Thus, since a creditor on receiving payment from a surety is obliged to hand over to the surety any securities he may have received from the debtor or other person in respect of the debt, if the creditor has by his own neglect lost or impaired the value of the securities, the surety will to that extent be relieved. In cases under the Moneylenders' Act, 1900, a surety has a special right to obtain partial relief (See MONEYLENDERS.)

Finally, a surety will be discharged if the creditor does not commence proceedings against him within the time fixed by the Statutes of Limitation, that is, within six years in the case of a simple contract, or twenty years if the contract was made by deed.

GUARANTEE ASSOCIATIONS.—These are associations which are usually incorporated under the Companies Acts for the purpose of guaranteeing the fidelity of persons holding positions of trust.

Fidelity guarantees are now issued by practically all insurance companies (except purely life or marine offices), and these associations confine their activities to the trades or businesses with which they are connected (See FIDELITY GUARANTEE INSURANCE.)

GUARANTEED BONUS.—(See LIFE ASSURANCE.)

GUARANTEE FUND.—A fund which is set apart out of the profits of a business to meet exceptional losses

GUARANTEE INSURANCE.—(See FIDELITY GUARANTEE INSURANCE)

GUARANTEE SOCIETY.—(See GUARANTEE ASSOCIATIONS)

GUARANTEE STOCKS.—These are stocks upon which the interest, or the principal together with the interest, is guaranteed. In some cases the interest upon such stock is guaranteed by another company, and then the interest is paid by the guaranteeing company if the original company is unable to meet its obligations. This formerly frequently occurred in the case of railway companies, where one company had the right of running over the lines of another company, but since the great amalgamation of British railways under the Railways Act, 1921, the guarantee of interest or dividend on the stocks of one railway company by another railway company is practically non-existent since the "guaranteeing" company and the "guaranteed" company are now merged into one company. Where guaranteed stocks of railway companies still exist, it is now, in effect, only a preferential charge against that company's revenue, unless the stock happens to be one guaranteed by the British Government under the Trade Facilities Act.

Commercial and industrial companies, however, sometimes guarantee the principal, interest, and dividends of stocks, shares, and debentures issued by another company. Further, in order to assist trade recovery after the Great War, the British Government passed the Trade Facilities Act, under which the British Government assumed the responsibility of guaranteeing the principal and interest on certain approved stocks issued to finance works or undertakings of a public nature or benefit.

GUARANTOR.—The person who gives a guarantee

GUARDIAN AD LITEM.—Except when he is suing for wages, an infant plaintiff must always appear in court by his "next friend" (*q.v.*). Similarly, when he is a defendant, a person must be assigned to him as guardian *ad litem*, in whose name the proceedings must be taken. The "next friend" is always personally responsible for the costs which may be incurred. A guardian *ad litem* is not personally liable for any costs unless they have been occasioned by his own actual negligence or misconduct.

GUARDIAN AND WARD.—So long as the father of an infant child is alive, he is its natural guardian, and after his death the mother is the guardian, either alone or in conjunction with some other person nominated by the deceased father in his will. Again, a mother of any infant may, by deed or will, appoint any person or persons to be guardian of such child jointly with the father after her death.

But by legislation it has been provided that the court will interfere and prevent the father—or the mother, if she has succeeded to the father's place—from regaining the custody of a child which is detained, if it is satisfied that the child has been abandoned or deserted, or that he has been guilty of such conduct as will disentitle him to have his natural rights protected.

By the Guardianship of Infants Act, 1925, when any proceeding relating to custody or up-

bringing of children is before the court, the court, in deciding the question, must look upon the welfare of the child as of first importance and must not consider any rule that the father's right is paramount. From the passing of the Act the mother has equal rights with the father in respect of making application to the court in matters affecting the children.

The guardianship of children after a decree of divorce is entirely in the discretion of the court, and will depend upon the particular circumstances of the case.

It is only rarely that any person other than one or both of the parents can appoint a guardian. But if the parents are dead, or if they by their conduct have rendered themselves unfit, in the opinion of the court, to maintain their natural right of guardianship, a stranger may appoint or select a guardian to a certain extent. Thus, if substantial pecuniary benefits are given to an infant by a stranger who proposes to appoint a particular guardian, then the court will generally give effect to such appointment, if it is satisfied as to the proposed guardian being a fit and proper person. Also where no guardian at all has been appointed, the court will take upon itself to nominate a guardian, provided the infant has some property within the jurisdiction over which the court can exercise control, if necessary.

Sometimes it is desired to make an infant a ward of court, as a special protection. This cannot be effected unless the child has some property. In order, then, to accomplish this purpose, it is the practice for some person who is interested in the infant to settle a sum of money upon him or her—£50 or upwards—or to pay the sum into court to the credit of the child. When this has been done, the court will exercise a general supervision over the infant until the attainment of the age of twenty-one in the case of a male, and until the attainment of that age or marriage in the case of a female. A person will be appointed guardian, and such guardian will act under the general supervision of the court. One of the principal restraints imposed in the case of a female infant, who is a ward of court, is in respect of marriage, and any person concerned in procuring a marriage with an infant ward is guilty of contempt of court (*q.v.*) and liable to imprisonment. It is still a case of contempt of court though the person or persons involved in it is or are unaware of the fact of the wardship.

In most cases the position of guardian and ward is exactly the same as that of parent and child. But there is one great exception. Unless the circumstances are very exceptional, the court will not allow a gift made by a ward to a guardian to stand good if made by the ward during the continuance of the guardianship.

GUARDIANS MEETINGS (BOARDS OF).—The statutory provisions governing these meetings are contained in the Local Government Act, 1894 (Sec. 59), and the Public Health Act, 1875 (Sched. I), and are as follows—

The guardians at their annual meeting must elect a chairman for the year, who may be either one of themselves or someone from outside. Further, they may appoint for a concurrent period of office a vice-chairman, who also may be one of themselves or an outsider; and he will have the powers and authority of the chairman during the latter's absence or inability. Both the chairman and vice-chairman must be either parochial electors of a parish within

the particular union, or have resided in the union during the whole of the twelve months preceding the election; or, in the case of a parish situated within a borough, they must be eligible for membership of that borough council. Women are eligible. An interim vacancy in the chairmanship shall be filled for the unexpired period by appointment under the usual conditions. It is extremely important to note the various ways in which a chairman may become disqualified, space does not permit of their being set out here.

Every board of guardians must from time to time make regulations with respect to the summoning, notice, place, management, and adjournment of their meetings, and generally with respect to the transaction and management of their business. These regulations appear to be subject in some respects at least to the control of the Ministry of Health. Meetings may not be held in premises licensed for intoxicating liquor, unless no other suitable room is available either free of charge or at a reasonable cost.

The proceedings of a board of guardians shall not be invalidated by any vacancy or vacancies among their members, or by any defect in the election of such board, or in the election or selection, or qualification of any member thereof.

The annual meeting of a board must be held as soon as convenient after April 15th in each year; and business meetings must be held at least once a month. The first meeting of a board constituted after the passing of the 1894 Act shall be held at such place and on such day (not being more than ten days after the completion of the election) as the returning officer may appoint by written notice to each member of the board. The chairman at meetings of the board shall be the chairman of the board, if present, failing him, the vice-chairman, failing him, one of the guardians present shall be appointed to the chair, which he need not vacate if the chairman or vice-chairman should afterwards come in. No business shall be transacted at a meeting unless at least one-third of the full number of members be present, subject to this, that in no case shall a larger quorum than seven members be required. Every question at a meeting shall be decided by a majority of votes of the members present and voting on that question. In case of an equality of votes, the chairman of the meeting shall have a second or casting vote. The names of the members present, as well as of those voting on each question shall be recorded, so as to show whether each vote given was for or against the question. Any minute made of proceedings at a meeting, and copies of any orders made, or resolutions passed at a meeting, if purporting to be signed by the chairman of the meeting at which such proceedings took place, or such orders were made or resolutions passed, or by the chairman of the next ensuing meeting, shall be received as evidence in all legal proceedings, and until the contrary is proved, every meeting where minutes of the proceedings have been so made, shall be deemed to have been duly convened and held, and all proceedings thereat to have been duly had.

Boards may, as stated, make their own regulations as to the procedure at their meetings, subject, of course, to subsisting statutory provisions. Boards, accordingly, will be found each to have their own standing orders. By way of illustration, the following are some provisions extracted from the standing

orders of an important board of guardians in the south of England.

Ordinary meetings are held, fortnightly, on Tuesdays, at 3 p.m.; but from May to September they are monthly only. An extraordinary meeting may be summoned on the written requisition of two guardians, but only the business therein specified shall be transacted. Two days' notice of meetings must be given to guardians, except in cases of emergency, when a meeting may be held forthwith and the case dealt with. The orders of the day (*i.e.*, the order of business) at ordinary meetings after the minutes have been read are as follows—

1. Business arising out of the minutes.
2. To receive and consider orders by out-relief committees.
3. To receive and consider any statement as to the financial position.
4. To receive and consider orders of admission of paupers into the workhouse.
5. To hear and consider special applications for relief.
6. To examine the treasurer's account.
7. To receive and consider reports of committees.
8. To consider recommendations of the finance committee and make orders on the treasurer.
9. To receive and consider reports from officers.
10. To receive and consider statements of requirements for the several establishments.
11. To appoint officers and servants.
12. To bind apprentices.
13. To receive and consider communications from the Ministry of Health.
14. To receive and consider other communications.
15. To consider in their order motions of which notice has been given.

A copy of the orders of the day, with a concise summary of the business, is to be sent to each guardian before the meeting.

Four days' notice of motion must be given, except that in case of a motion to rescind a resolution seven days' notice must be given, and then only after a month from the passing of the resolution, unless its reconsideration be recommended by a committee or by three-fourths of the guardians present at a meeting.

Subject to the chairman's discretion, speeches must not exceed ten minutes. On a show of hands, any two guardians may demand a recount before the result is announced. A negatived motion may not be again moved for a month, unless recommended by a committee, or by three-fourths of the guardians present at a meeting. Appointment and regulation of the various committees are provided for. A meeting of a standing committee may be summoned at the request of its chairman or of two members, but of a special committee, only at the request of its chairman. The quorum for a committee meeting is three. A minority on a committee may report to the board through the chairman of the committee.

Except in so far as standing orders may provide, the ordinary rules of debate apply.

GUARDIANS OF THE POOR.—The duties of guardians of the poor were modified by the Local Government Act, 1894. No persons are to be nominated as guardians, all must be elected by popular vote. A guardian must be a parochial elector of some parish within his poor law union, or must have resided within the union for twelve months before the day of election. Women, whether married or single, may be elected as guardians.

The parochial electors of each parish shall elect the guardians for that parish. One vote may be given for each candidate, not exceeding the total number to be elected, so that if there are ten guardians to be elected out of twenty candidates, the voter may give one vote for each of the ten candidates whom he prefers, but not more.

A guardian holds office for three years, and one-third of the number goes out of office on April 15th of each year, the retiring guardians are eligible for re-election. A board of guardians may, if it chooses, elect the chairman and vice-chairman from outside its own body. The district councillors for any parish in a rural district shall be the poor law guardians for their parish. When, therefore, a rural district councillor is elected by the parochial electors, he becomes a guardian of the poor as well.

Guardians of the poor had their origin in an Act for the relief of the poor, passed in the reign of Elizabeth, 1601. This Act created overseers of the poor, who were to be nominated by the churchwardens of each parish in Easter week. Their duty was to set to work, that is, to find work for, such of the parishioners who could not maintain their children; to find work for grown persons, married and unmarried, who could not maintain themselves, and to raise, by taxation or otherwise, a convenient stock of flax, hemp, wool, thread, iron, and other necessary stuff to set the poor on work. Overseers were also required to find competent sums of money towards the necessary relief of the lame, impotent, old, blind, and such other among them who were poor and not able to work. Children of the parish were also to be put out to apprentice. The poor rate was compulsory, and whoever failed to pay it was liable to have his goods taken in distress or himself to be imprisoned.

The poor law was amended in 1834, and the administration of the poor law was vested in Poor Law Commissioners, that body is now extinct, and their place is taken by the Ministry of Health. The duties of the guardians are supervised and controlled by the Ministry of Health, some of those duties are: The management of the poor, the government of workhouses, the education of workhouse children, apprenticeship, the control of poor law parish officials, the keeping of accounts, the making of contracts. All parishes are grouped in certain convenient clusters, each group is called a union, and, generally, one workhouse is sufficient for each union. The offices connected with the union are where the board of guardians meet to carry out their duties. The fund raised from the rates for relief of the poor is called the common fund.

The word "guardian" means, any visitor, governor, director, manager, acting guardian, vestryman, or other officer in a parish or union, appointed or entitled to act as a manager of the poor, and in the distribution or ordering of the relief to the poor from the poor rate. The Ministry of Health may fix the number of guardians to be elected for any parish, or divide a parish into wards, and fix the number of guardians to be elected for each ward. A like power is given to county councils acting in conjunction with the Ministry of Health.

A board of guardians is a corporate body, and possesses a common seal by which it authenticates its acts and makes its important contracts. There must be at least three guardians present at a board

meeting, if there are less than three present, any act sanctioned would not be legal. An extended summary of the duties of guardians will conclude this article. The duties of guardians: To direct the relief of the poor, to direct the assistance given to the able-bodied poor, to direct outdoor relief, that is, relief given to the poor who do not enter the workhouse, to supply casual wards, to assist in the emigration of the poor, to apprentice poor children; to prosecute vagabonds and persons forsaking their families, to remove paupers to the union to which they are properly chargeable, to hire or purchase land, and erect workhouses thereon; to appoint the visiting committees of workhouses, to appoint registrars and superintendent registrars of births and deaths; to pass the union accounts; and to make maps and plans for parish purposes.

The position of the guardians may be altered in the near future as a direct result of the enactment of the Rating and Valuation Act, 1925.

GUATEMALA.—Position, Area, and Population. Guatemala, the most northerly and most mountainous of the Republican States of Central America, lies mainly between 89° and 92° W long and south of 18° N lat, and is bounded on the north and west by Mexico, on the south by the Pacific Ocean, and on the east by the Gulf of Honduras, British Honduras, Salvador, and Honduras. Its area is approximately 48,290 square miles, and its population 2,005,000, 60 per cent of whom are pure Indians, and the remainder chiefly of mixed descent. In 1821 the Spanish yoke was thrown off, after which the country formed part of the Central American Republic until 1839, when it became an independent republic. The legislative power is vested in a National Assembly and a Council of State. Members of the Assembly (one for every 20,000 inhabitants) are elected for four years under universal suffrage. The Council of State consists of thirteen members elected by the Assembly or appointed by the President, who is elected directly by the people for six years. Spanish is the official language.

Relief. Running north-west to south-east, parallel with the Pacific, is a high range of mountains, containing several volcanic summits rising to nearly 13,000 ft above sea-level, which have on several occasions proved destructive. Fringing the range on the Pacific side is a low, narrow, well-watered, and fertile coastal plain. North-westward the mountains descend gradually to the lowlands of Yucatan, and several ridges run parallel to the main ridge. Most of Guatemala's surface is covered with volcanic ash layers, varying from a few inches to 150 ft in thickness.

Climate, Vegetation, and Fauna. In the lowlands the climate is hot and damp, and malaria is a plague. The higher lands are temperate and healthy, and here are found the chief towns. The east is rainy throughout the year, but on the Pacific slope there is a dry season from November to April. Jungle forest occurs on the lowlands, hardwood forest on the slopes, and savanna on the uplands. Monkeys, deer, peccaries, ocelots, pumas, beautiful butterflies, and birds inhabit the forests, and horses, cattle (320,000), sheep, and goats are important on the plateau.

Industries. Agriculture and forestry are the principal occupations. The chief crops are coffee (of excellent quality), bananas (on the Atlantic slope), sugar, rice, cotton, maize, potatoes, and wheat. There are 1,300,000 acres of forest, and

chicle, rubber, mahogany, and dyewoods are important exports. The mineral wealth, with the exception of silver-lead, is not exploited, although gold, copper, iron, and chrome are found. Capital and skilled labour are lacking. Manufactures are in their infancy. Cotton textiles and yarns, cheap hosiery and knitted underwear, cement, leather, soap, candles, cigars, cigarettes, aerated waters, and saddlery are produced for local needs, but fail to meet the demand. Pottery and basket-making are typical native domestic industries.

Communications and Trade. Few of the roads can be used even by ox-carts, and there are only about 400 miles of railway, including through communication between the Atlantic and Pacific coasts. A line also runs to the Mexican border at the Suchiate river, but does not provide through communication with the Mexican system. All the railways are narrow gauge, and the main railway system is the property of the International Railways of Central America, an American corporation. The chief lines are the International (195 miles—main line, Puerto Barrios—Guatemala la Nueva—San José), the Occidental (51 miles), the Ocos (22 miles), and the Guatemalan Central (139 miles). Indian dug-outs and small steamers ply on the rivers. There are about 4,500 miles of telegraph lines, and 420 miles of telephone lines. Much German and American capital has been expended in Guatemala, and the chief foreign trade is with the United States, Germany, the United Kingdom, and Holland. The chief ports are Puerto Barrios and Livingston on the Atlantic seaboard, and San José de Guatemala, Champenon, and Ocos on the Pacific seaboard. Coffee, bananas, chicle, timber, silver, hides, sugar, honey, and beans are the principal exports, and cotton goods, flour, corn, linen, hemp, jute, paper, coal, leather goods, woollens, hardware, toys, machinery, and railway material are the principal imports.

Trade Centres. *Guatemala la Nueva* (116,000), the capital, lies inland at a height of over 4,000 ft. It was partially ruined in December, 1917, but the final and most terrific shock of 3rd January, 1918, completed the work of destruction. The town has been rebuilt since.

Puerto Barrios, on the Gulf of Honduras, the chief port, was created a few years ago by the completion of the railway from the capital.

Other towns are *Tolomicapan*, *Quezaltenango*, and *Coban*, each with 30,000 population. The first two lie at a height of 7,500 ft., Coban over 4,000 ft.

The regular mail service is twice a week, via New Orleans. The time of transit is twenty days.

(For map, see that of Central America in the article on AMERICA.)

GUAVA.—The name of a tropical tree of the myrtle family and of its fleshy, pear-shaped fruit. The wood of the guava (a species of *Psidium*) is valued by turners for its hardness, and the aromatic fruit is much used in the preparation of preserves and jellies. The tree is a native of the West Indies, but is also found in the East Indian archipelago.

GUIANA.—Position, Area, and Population. The Guianas, British, Dutch, and French, lying on the north-eastern coast of South America, just north of the Equator, are the only European colonies in South America. They include the Eastern Guiana Highlands and the south part of Western Guiana, drained by the Essequibo and its tributaries. *British Guiana* (89,480 square miles, 298,000 population (excluding 10,000 aborigines) including

125,000 East Indians, 100,000 Africans, some Chinese and mixed races, and about 2,000 whites) is bounded on the south by Brazil, on the east by Dutch Guiana, on the west by Venezuela, and on the north and north-east by the Atlantic Ocean (approximately 300 miles of coast). It was finally ceded by the Dutch in 1815, and is a Crown Colony under a Governor. *Dutch Guiana*, or *Surinam* (52,490 square miles, 136,000 population (excluding negroes and Indians in the forests), is bounded on the north by the Atlantic Ocean, on the east by the River Marowijne, on the west by the River Corantyne, and on the south by Brazil. It is administered by a Governor and Council. *French Guiana* (30,500 square miles; 50,000 population), lying east of Dutch Guiana, is almost enclosed by the Oyapock and the Maroni rivers, with the barrier of the Tumuc Humac Mountains in the south, and has the islands of L'Enfant Perdu and the Îles du Diable off its Atlantic coast. It is administered by a Governor, and is no longer a penal colony.

Relief. Along the littoral is a wide margin of alluvial land (generally a blue clay), rich, humid, and unhealthy, varying in width from 10 to 50 miles, swampy and mangrove-lined, and in which the cultivated area of the region is practically confined. Southwards from it, foothills and terraces, a few hundred feet high, create a series of grasslands, and beyond extend wild and very broken regions, the mountain masses standing at a mean elevation of 3,500 ft., with peaks rising to 8,000 and 9,000 ft. At the junction of the boundaries of British Guiana, Brazil, and Venezuela is Mount Roraima, a flat-topped mountain, 8,740 ft. above sea-level, and on the Potaro river (a tributary of the Essequibo) are the Kaieteur Falls, with a sheer drop of 741 ft. and a width of from 350 to 400 ft., its vast volume of water still remaining unharassed. The rivers, none of which is navigable in its upper reaches, pour their waters from mountain fastnesses, descend the terraces in a series of cascades, and prevent the opening up of the interior. Only the British colony is well surveyed and mapped.

Climate, Vegetation, and Fauna.—The temperature is always high, but the heat of the coast is tempered by the prevailing north-east and east winds (mean temperature 80° F., extremes ranging from 68° F. to 92° F.). The rainfall is heavy all along the coast (120 in. in French Guiana; 90 in. in British Guiana), but moderate in the interior (51 in.), and there are two wet seasons, December to February, and June to August. Tropical forests, rich in hard timbers, orchids, ferns, and palms, clothe the bases of the ranges and the lower levels, gallery forests occur along the ridges, savannas extend along the upper plateaus, and mangroves line the coast. Animal life is abundant, and includes the macaw, egret, and humming birds, deer, peccary, tapir, jaguar, ocelot, puma, monkey, raccoon, sloth, scorpion, mosquito, and the enormous anaconda.

Industries. Mining, agriculture, and forestry are the chief occupations. Gold is dredged from the rivers (20,000 ozs. per annum from British Guiana), and there is a rich goldfield on the banks of the Cuyuni river. Diamonds, small but very beautiful, are found along the banks of the Cuyuni and Mazaruni rivers, and foreign buyers have opened offices in Georgetown. Bauxite, manganese ore, and mica are worked, and signs of petroleum seepage seem to justify the hopes of a successful future. Agriculture is confined to the littoral. The chief crops are sugar-cane, rice, cacao, coco-nuts, coffee,

bananas, cassava, and maize. Cattle are grazed on the savannas (British Guiana, 114,000), and sheep, goats, pigs, donkeys, and horses are kept. The forests yield precious gums, balsams, medicines, (quinine, jalap, sarsaparilla), rubber, balata, vanilla, wax, and hard tumbers (greenheart, wacapou, mora, silverbally, cedar).

Communications and Trade. Coastal services connect the towns, and the rivers form the main roads, leading inland to the edge of the upland. In British Guiana, canals and roads (260 miles open or under construction), and 200 miles of cattle trails, are maintained by the Government. This colony has the only important railways. From Georgetown a line (60 miles) runs east to Mahacony and Rossignol, a second (20 miles), proceeds west to join Parika to Vreeden Hoop, and a third (18 miles) links the head waters of the Demerara to the main stream of the Essequibo. Telegraph and telephonic communications are fairly adequate. Most trade is carried on with the United Kingdom, France, Holland, the United States, and Canada. The exports (mostly from British Guiana) are sugar, molasses, rum, balata, charcoal, timber, diamonds, gold, phosphates, hides, pepper, cocoa, coffee, rice, and bananas; and the imports are flour, textiles, tobacco, cigars, cigarettes, fish, machinery, hardware, implements, tools, pickled beef and pork, spirits, coal, oils, leather goods, and butter.

Trade Centres. *Georgetown* (56,000), the capital of British Guiana, lies on the right bank of the Demerara, which is lined with wharves. It is a bright, clean, sunny town, the chief port of call of the Guianas, and has sugar-refining and rum-distilling industries.

Paramaribo (46,000), the capital of Dutch Guiana, situated at the junction of the Surinam and Commewine rivers, 10 miles from the sea, has a deep-water frontage of about a mile, where the mail steamers berth alongside. It is a clean, neat town, reminiscent of old Holland.

Cayenne (14,000), the capital of French Guiana, stands on a little island at the mouth of the Cayenne river. It is a dreamy, palm-embowered, sun-drenched town, containing a few French officials and merchants.

Other towns are: *New Amsterdam*, *Rosignol*, and *Barbica* in British Guiana, *Nieuw Nickerie*, *Nassau* and *Albina* in Dutch Guiana, and *St Laurent*, *Oyapock*, and *St George's* in French Guiana.

The regular mail service is fortnightly, and the time of transit about fifteen days.

(For map, see AMERICA, SOUTH)

GUILD.—(See GILDS.)

GUINEA.—**Position.** The African Guinea lands consist of a broad strip of coastal lands commencing at the mouth of the Senegal in about 14° N lat. and extending southwards to the southern portions of Angola in about 16° S lat. They are divided by the Niger delta into Upper and Lower Guinea. Upper Guinea includes Senegal (French), Gambia (British), Portuguese Guinea (including the Bissagos Archipelago), French Guinea, Sierra Leone (British), Liberia (a negro republic), French Ivory Coast, the Gold Coast Colony (British), the former German Togoland (now British and French), Dahomey (French), and the western part of Nigeria (British). Lower Guinea includes the eastern part of Nigeria, the former German Cameroons (now British and French), French Equatorial Africa, Spanish Guinea or Rio Muni, the islands of Fernando Po and

Annobon (Spanish), the islands of São Thomé and Príncipe (Portuguese), the Belgian Congo, and Portuguese West Africa or Angola. The term Guinea is now almost obsolete, and is used loosely to signify a region with a fairly uniform littoral, almost everywhere flat and frequently separated from the ocean by narrow sand spits, behind which are numerous marshes and lagoons. Inland the region extends by a series of broad terrace-like steps to the great central plateau of the Sudan, into which Guinea merges imperceptibly. Various names have been given to the coasts. That of Liberia is known as the Grain (or Pepper) Coast, east of this is the Ivory Coast; then follows the Gold Coast, and, lastly, comes the Slave Coast of Togo, Dahomey and Western Nigeria—each name indicating the typical product of former days. The European colonising nations first gained coastal footholds, and eventually realising the potentialities of the lands, extended their sway towards the interior plateaux, but it was not until the Germans became active in the early eighties of the last century that the boundaries of the States were defined.

Relief. The littoral is tolerably well provided with harbours, although there are long stretches where natural anchorages are deficient. From the Volta to the Niger lagoons provide continuous sheltered coastal communication, but steamers are compelled to anchor some distance outside the bars and conduct their trade in special surf-boats. The principal natural harbours for ships are the mouth of the Gambia, the harbour of Freetown, the Cameroonian estuary, and the estuary of the Gabon river, but other harbours have been developed at Dakar, Konakry, Sekondi, and Accra. Upper Guinea rises from a low, narrow, sandy, surf-beaten coast to the highlands which form the watershed between those rivers flowing to the Niger and those flowing to the Guinea coast. Several of the rivers—notably the Senegal, Gambia, Kavalli, Sassandra, Volta and Niger—though frequently broken by rapids, afford means of communication for native craft or small launches. Some of the shorter coastal rivers, however, are too rapid and broken for navigation. The Lower Guinea Highlands are the high edge of the interior plateau. In the extreme north, where the coast begins to trend south, a large range extends north-eastwards from the lofty volcanic Cameroon peak (over 13,000 ft.) into the region known as Adamawa, and is continued in Fernando Po.

Climate, Vegetation, and Fauna. From the Senegal to the Kunene, except along a very narrow coastal strip north of the Kunene, the country is hot (80° F) and moist (390 in. west of Mount Cameroon) at all seasons, with periods of heavier and slighter rains, and almost everywhere unhealthy. The climate has proved fatal in the past to Europeans, and even now with all the aids of medical science, Europeans have to exercise the greatest care, and the lassitude engendered compels them to be temporary sojourners in the land. The most unhealthy portions are the swampy coastal areas and the river deltas; while the few comparatively healthy districts are the highlands and the more elevated inland plateaux, and the sandy exposed coasts. Mangrove swamps and forests occupy the purely coastal districts from the Ivory Coast southwards into Cameroon. North of these, in the area of abundant rains, stretches the great West African tropical forest, dense and rich in economic vegetation. Still farther north are the woodlands and

savannas, with swamp forests in the vicinity of the rivers. Savannas are characteristic of parts of Sierra Leone, the Northern Territories, Northern Cameroon, and French West Africa. The fauna includes the gorilla, monkey, chimpanzee, giraffe, antelope, elephant, hippopotamus, crocodile, parrot, plantain eater, tsetse-fly, and mosquito.

People. Most of the inhabitants are negroes, sub-divided into many small groups, and, as yet, in a low state of civilisation. Economic progress and development are dependent on the native races, and the policy of the European governments in West Africa is to encourage the natives to become independent farmers, and thus secure a self-reliant peasantry.

Industries. In the forest clearings cotton, cacao, coffee, maize, millet, sugar, cassava, bananas, plantains, ground nuts, yams, and rice are cultivated by primitive methods. The forests supply the principal products—mahogany and ebony, rubber, palm oil, palm kernels, bamboo, coco-nuts, kola-nuts, vanilla, and quinine. Cattle-rearing is important on the savannas, and of the mineral products gold, tin, coal, and manganese are the most valuable. Native industries are represented by carpentry, blacksmithing, working in metal, and weaving. As a source of food and raw materials for manufacture the Guinea lands are certain to prove of increasing importance in the future.

Communications and Trade. The development of Guinea is being accomplished primarily by means of railways. Motor transport is used extensively in the French and British colonies for passenger traffic and to bring produce to the railways from districts far from the coasts. Wherever possible the waterways are used as a means of direct communication between the interior and the coastal ports.

The present railways are designed to bring the produce of the interior to the nearest ports and no attempt has been made to join the colonies by communications along the great northern plateaux. Progress, however, has been made by the French, who have elaborated a great plan of railway communication from west to east throughout their colonies, which brings the western Sudanese districts into direct contact with the ports of Dakar and Konakry, and, by north-to-south branch lines, with the ports of Grand Bassam, and Kotonu. A French railway from Dakar to Kayes and Ambidédi, and thence to Bamako and Kulkoro on the Niger gives communications with Timbuktu and the Sahara, and another from Konakry to Konkan opens a way to the more southerly regions of the French Sudan. From the Dakar-Kayes railway a line runs parallel with the coast to St. Louis. In the Ivory Coast a line proceeds from Abidjan to Katobu, and in Togoland the French have taken over the German railways running from Lome to Little Popo and Palme. From Kotonu to Savé in Dahomey a line has been built, and the various small coastal ports are connected with Porto Novo from which a small line runs northwards. In the Cameroons are the two former German railways—Duala to Bamum, and Duala through Edia to Widjenge. The British West African railways have been built primarily for economic purposes, but there has been a lack of foresight and co-operation between the different colonies. The railways of Sierra Leone (main line Freetown through Bo to Pendembu, with a branch to Rawalla) are narrow gauge, and should communication between Freetown and the French Sudan, and

across the Sahara, become politically and economically practicable, the existing line would have to be entirely reconstructed. In the Gold Coast there is a railway from Sekondi, through the Tarquah goldfield, to Kumasi, and another runs from Accra to Mangoase. The western railway of Nigeria extends from Lagos to Kano (705 miles), with a branch from Zaria of 144 miles to the Bauchi tinfields. An eastern railway is in course of construction to link up Port Harcourt and the Enugu coalfields with the tin-fields and the western railway in the north. The Niger has been bridged at Jebba for the western railway, and the Benue will be bridged at Makurdi. In Angola, a metre gauge line runs from Loanda to Malanje, a more important line connects Lobita Bay with Chungwari and is to be continued to the Congo border, and a third line proceeds from Mossamedes to Vila Sa da Bandeira (Lubango). The chief railways of the Belgian Congo are Matadi to Leopoldville, Lukula to Boma, Stanleyville to Pontherville; Kindu to Kongolo, Kabala to Albertville, and the Katanga.

Most of the trade of Guinea is carried on with Europe and North America, and especially with Great Britain, France, and Canada. There are direct steamship lines running from Marseilles and Liverpool to the principal Guinea ports. Until comparatively recently trading in the interior was largely carried on through the medium of gin and other trade-spirits, but measures have been adopted to check a traffic so detrimental to the welfare of the natives. The chief exports are palm oil, palm kernels, kola nuts, hides, rubber, cocoa, cotton, mahogany, ebony, tin, copper, manganese, gold, copra, dried fruits, wax, sugar, coffee, and gums, and the chief imports are hardware, ironmongery, textiles, salt, soap, kerosene, tobacco, grain and flour, dried fish, wine, and spirits.

Trade Centres. These are described under the various Colonies comprising the Guinea States.

(For map, see AFRICA.)

GUINEA.—The name of a gold coin which was at one time current in Great Britain, so named because it was coined from gold brought from Guinea, in West Africa. The date of the first coinage was 1663, and the value of twenty-one shillings was fixed in 1717, although this was scarcely correct. Guineaes have not been coined since 1817, but quotations are still made in guineas, especially amongst professional men and in connection with subscriptions to charitable objects.

GUINEA PIG.—This is a slang term for a titled individual who, knowing little of business, lends his name to a company as director for the sake of the fees—very frequently fixed at one guinea for each attendance at a board meeting. In these days, when so many members of the aristocracy have taken to finance as a profession, it would be most unjust to assume that more than a small proportion of the titled persons who are company directors are guinea pigs; the fact remains, however, that a certain number of individuals still give their names in this manner, although, owing probably to its no longer being so effective, the practice may be said to be on the wane.

GULF STREAM, THE.—Origin and Course. The Gulf Stream is an ocean current which derives its name from its association with the Gulf of Mexico. Although popularly an isolated phenomenon, it is part of the general circulation of the waters of the world. This circulation of the waters of the world is due to the three main causes, all of which affect

the Gulf Stream in some part or another. They are (1) the effect of winds blowing continuously over the same area, (2) differences in temperature, and (3) differences in salinity. The first of these has by far the greatest effect, acting chiefly in a horizontal direction. The other two produce vertical movements, since cold water is denser and, therefore, bulk for bulk, heavier than warm, and, consequently, has a tendency to sink, while the greater the salinity of water the greater will be the density, and downward movement sooner or later occurs.

The circulation of the waters of the Atlantic is due to the north-east and south-east trade winds, which send two currents across the ocean from the shores of Africa to America, one called the North Equatorial Current, and the other the South Equatorial Current. The southern current striking the eastern angle of the South American Continent, divides into two parts, the southern of which flows along the coast of Brazil, and is known as the Brazil Current. The northern part, flowing along the north-eastern shore of the Continent, passes between the small islands in the south of the West Indian Archipelago, into the Caribbean Sea, and thence into the Gulf of Mexico, through the passage between the Island of Cuba and the peninsula of Yucatan. The only other communication between the waters of the Gulf and those of the ocean is to the north of Cuba through Florida Strait, and after passing round the Gulf in a broad, slowly moving "drift" known as the Gulf Drift, the stream is forced through this narrow channel and its speed greatly quickened. It enters the Atlantic as a river of very salt water 50 miles wide, and 2,000 ft. deep, with a temperature at the surface of 81° F. and a velocity of 4 or 5 miles an hour. As it emerges, it is joined by a small branch of the North Equatorial Current that passes between the Bahamas and Cuba, and then flows northward. This direction is determined by the general circulation of the waters of the north Atlantic. The northern current, after flowing north for some distance, crosses the Atlantic towards Portugal, and then flows southward again to be caught up once more by the trade winds and driven westward. A huge eddy is thus formed, in the middle of which is a region of still water where sargasso weed collects, forming a "Sargasso Sea." It is along the borders of this eddy that the Gulf Stream flows, the waters of the two systems mixing in mid-Atlantic to a considerable extent.

North of Florida the Gulf Stream may easily be distinguished from the waters of the surrounding ocean by the sparkle of its waters at night, its bluish tint by day, its higher temperature, and its peculiar animal and plant life.

On reaching the latitude of Cape Hatteras, the Gulf Stream turns eastward. By now it has considerably broadened and lost much of its distinctive character, and as a current with a flow independent of small changes in the direction of the wind it no longer exists. It is a broad, slowly-moving drift, whose movements are susceptible to every change of wind, but since it has now reached the region where the south-west wind prevails, its waters are driven slowly north-eastward. Part of its waters sweep southwards, and, owing to the rapidity of the movement, cold bottom water finds its way to the surface, and the relatively cold Canary Current thus originates. The other part forms the North Atlantic Drift, or European current,

which splits into three parts, the Greenland branch, which flows past the west coast of Greenland, the Irminger branch, which passes northward between Iceland and the east coast of Greenland, and the Norwegian branch, which is drawn northwards past the coasts of the British Isles and Norway.

Effect on North America. Coming down from the Arctic along the eastern coast of North America is a cold current, bringing much ice and giving Labrador its sub-Arctic climate. Where the Gulf Stream drift approaches this, the condensation of the moisture above it gives rise to the fogs that are encountered by ships from New York and other American ports, and that make fishing on the Newfoundland banks so dangerous. At the same time the ice, entering the warmer water, is melted, so that icebergs are seldom encountered to the south of the drift. The Banks of Newfoundland are formed to a large extent of material brought down embedded in icebergs and dropped when the ice melts.

Effect on Britain and Europe. The presence of this body of warm water, in conjunction with the prevailing westerlies, has an effect on our islands and Western Europe both in raising the temperature in winter, and also in increasing the humidity of the air. In no part of the world does the ice-free coast extend so far north, and in some places off the coasts of Britain water at a temperature of 40° is found a mile below the surface, while even at the Equator lower temperatures are found at less than half a mile.

The significance of its effect on the countries past which it flows is, perhaps, best illustrated in Scandinavia and the extreme north-west of Russia. For months during the winter Swedish iron-ore cannot be sent by the Baltic on account of the ice. It is then sent overland to Narvik on the Ofoten fjord, in Norway, within the Arctic Circle, and much farther north than the northernmost arm of the Baltic, and thence shipped to England.

A still more striking contrast exists in Russia. The shores of the Black and Baltic Seas are so obstructed by ice in winter that ice breakers have to be used to extend the open season. Archangel, on the White Sea outside the Arctic Circle, is closed by ice for eight months in the year. Yet Alexandrovsk, further within the Arctic Circle than the mouth of the White Sea, is always ice-free, and has been converted into a port. It is the most northerly, and at the same time the only ice-free Arctic port, in Russia.

Course in the Arctic. Within the Arctic the warm water sinks beneath the colder waters of the Arctic, for the latter, on account of the fresh water brought by the great rivers, and the little evaporation, are comparatively fresh and, therefore, light, and so keep to the surface. Both to the north of Spitzbergen and also to the north of Franz Josef Land, this warmer water is found at a depth of from 100 to 490 fathoms.

GUM.—A name of wide application, including true gums, such as agar-agar (*gv*), various gummy resins, such as asafetida (*gv*); and occasionally balsams of the type of gum benjamin (*gv*), though these contain no true gum at all. They are all of plant origin, and are mainly obtained by exudation. The first class is soluble in water, whereas the gummy resins are not. The chief imports come from West Africa and India. Gum is used for adhesive purposes and for dressing calico. It is also valuable medicinally. Artificial gums are manufactured

from various starchy substances. British gum is also known as dextrine (*qv*).

GUM ARABIC.—An exudation from several species of *Acacia* trees growing in Africa, Arabia, and neighbouring countries. The commercial gum is a variable product, often being a mixture of several different kinds. The true gum arabic is known as Hashab gum and is derived from *Acacia Senegal*, growing in Kordofan and the southern parts of the Soudan. The gum is collected and sent to Khartoum, and thence to Cairo for export to England, France, and the United States. The chief use of gum arabic is as an adhesive, but it is also employed as a glaze in painting and in confectionery, or as an emulsifying agent for oils. Gums, other than Hashab gum, are less adhesive and viscous, and, therefore, are of less value, although they may occur in mixture with the best gum.

GUN-COTTON.—Also called pyroxylin. A powerful explosive, first prepared for practical purposes towards the middle of the nineteenth century. It is obtained from cotton waste, which is first freed from grease, picked, dried, and cut into lengths, and finally saturated in a mixture of sulphuric and nitric acids. Any excess of acid is washed off, and the gun-cotton is reduced to pulp, compressed hydraulically to one-third of its bulk, and moulded into the sizes and shapes required. Gun-cotton is much used in blasting operations and, as it is unaffected by moisture, it is largely employed in submarine mining and for charging torpedoes. The usual detonator employed is fulminate of mercury. Gun-cotton is superior to gunpowder on account of its smokeless combustion. It is an important constituent of cordite. The explosive tonite, used extensively for clearing and deepening harbours and the removal of wrecks, is a mixture of gun-cotton and a banum salt.

GUN METAL.—This is an alloy composed mainly of copper and tin, to which are sometimes added small quantities of lead and zinc. The most usual proportion of copper to tin is 90 to 10, but frequently this quantity of tin is exceeded, and may be as much as 18 per cent. Its casting requires extreme care. Formerly used almost exclusively for ordnance, it is now mainly employed in making castings for engineering purposes.

GUNNY BAGS.—Coarse, strong bags made of jute sacking, and used for packing wool, grain, seed, and salt. They are much in demand, and are largely exported from Bengal and other parts of India to the United States, Australia, and the Straits Settlements. Dundee manufactures a similar article.

GUNPOWDER.—A dark brown or slate-coloured mixture of nitre, charcoal, and sulphur, in proportions varying according to the purpose for which it is required. For shooting game, etc., the percentages are 77, 14, and 9 respectively, while a larger quantity of nitre and correspondingly smaller quantities of charcoal and sulphur are used for military weapons. For blasting purposes more charcoal and less nitre are required. These two ingredients form the explosive mixture, the sulphur being added to aid the combination at a lower temperature. It is important that all the constituents should first be freed from impurities. They are then separately ground to a fine powder, sifted, and mixed in a revolving drum, after which they are reduced to meal and compressed into a cake, which is granulated by various processes,

according to requirements. India supplies most of the nitre, the sulphur comes from Sicily, and the charcoal from Holland and Germany, the wood used in its preparation being dogwood, alder or willow. Except for the fact that Great Britain supplies her overseas Dominions, there is little trade in the finished product, as the various countries supply their own demands in this respect.

In recent years the Germans had succeeded in cheapening the manufacture of gunpowder by the use of coke derived from lignite in substitution for the more expensive charcoal.

GUNPOWDER AND EXPLOSIVES.—These substances are governed by the Explosives Act, 1875, the Explosive Substances Act, 1883, the Explosives Act, 1923, and a multitude of rules and regulations made thereunder. Petroleum and similar substances are also subject to legislative provisions, the discussion of which, however, would be beyond the limits of the present article. As the object and purport of the statutes above-mentioned is not uniform, it is proposed to discuss them separately.

A Explosives Act, 1875. (1) *Gunpowder.* Gunpowder may not be manufactured, except at a factory either licensed under the Act, or lawfully existing at the passing of the Act, and registered as such within three months thereafter, any manufacture at an unauthorised place being punished by forfeiture of the gunpowder and ingredients and a fine not exceeding £100 per day. The Act also deals with the storing of gunpowder, forbidding it to be kept, except in the factory where it is lawfully manufactured, or in a magazine or store either licensed under the Act or lawfully existing, or in premises registered for keeping gunpowder under the Act. Gunpowder which is kept in an unauthorised place is liable to forfeiture, and a penalty not exceeding 2s for every lb of such gunpowder is imposed on the occupier and the person keeping the gunpowder. These provisions, however, do not apply to a person keeping, for his private use and not for sale, gunpowder not exceeding in weight 30 lbs or to the keeping of gunpowder by a carrier who is lawfully carrying it in accordance with the provisions of the Act.

A new factory or magazine is not to be established except by licence under the Act. Application for such a licence is made to the Home Office, and must contain full particulars of the premises and mode and conditions of manufacture. The Home Office do not at once grant a licence, but, if inclined to consider the application favourably, allow the applicant to apply to the local authority for their assent. The local authority then advertise and hear the application, and, if they assent, the Home Office confirms the licence. Factories and magazines are subject to provisions of extreme stringency, having for their object the reduction to a minimum of the risk of explosion. A licence may require amendment, and, if so, this can be granted by the Home Office without any approval by the local authority being obtained. A licence is not voided by a change of the occupier of the factory or magazine, but notice of any change of occupancy must be sent to the Home Office within three months after its occurrence. The Act then deals with the storage and keeping of gunpowder, and there are certain distinctions between premises to be used for storage of gunpowder and those on which it is to be kept for sale. In the case of a gunpowder store, application is to be made to the local authority for a licence, and such licence may

be granted if the site, construction of store, and amount of gunpowder are in accordance with Orders in Council on the subject. The licence specifies the amount of gunpowder to be stored, and is only valid for the person named in it; but is, nevertheless, renewable annually as of right, unless the circumstances have so changed that a new licence would not be granted. In the case of premises for the keeping of gunpowder (*s.e.* keeping for purposes of retail dealing), registration is with the local authority, as before. This registration, like the storage licence, only avails for the person registering, but the local authority have no discretion as to the grant of the licence, and must renew on payment of an annual fee. The Act also lays down rules as to premises so registered for keeping gunpowder, and, in particular, enacts that the amount of gunpowder to be so kept shall not exceed—

(a) If kept in a detached and properly constructed building, 200 lbs.,

(b) If kept in a fireproof safe in a dwelling-house, 100 lbs.;

(c) If otherwise kept in a dwelling-house, 50 lbs. The sale, hawking, or exposure of gunpowder in the streets is forbidden, nor must it be sold to a child under thirteen, and if it is sold in quantities exceeding 1 lb., it must be packed and marked as gunpowder in manner directed by the Act.

The conveyance, loading, and unloading of gunpowder is governed not only by the Act and regulations, but also by by-laws made in pursuance of it by railway and canal companies and harbour authorities.

(2) *Explosives other than Gunpowder* The word "explosive" is defined by Section 3 of the Act to mean "Gunpowder, nitro-glycerine, dynamite, gun cotton, blasting powders, fulminate of mercury, or of other metals, coloured fires, and every other substance, whether similar to those above-mentioned or not, used or manufactured with a view to produce a practical effect by explosion or a pyrotechnic effect," and it is to include "fog-signals, fireworks, fuses, rockets, percussion caps, detonators, cartridges, ammunition of all descriptions, and every adaptation or preparation of an explosive as above defined." Explosives are, generally speaking, subject to the provisions above-mentioned with regard to gunpowder; but for the maximum amount which may be kept for private use and not for sale, or in a store or exposed for sale, other than in a substantial box, case, etc., there are substituted in the case of explosives the following amounts, *viz.*—

(a) If the explosive consists of safety cartridges made of gunpowder, five times the amount allowed for gunpowder.

(b) In the case of any other explosive, the "prescribed amount," *s.e.*, the amount from time to time prescribed by the Home Office.

Two or more descriptions of explosives are not (except in certain prescribed cases) to be kept in the same store or registered premises, and if any explosive other than gunpowder is allowed to be kept in the same store, magazine, or registered premises as a supply of gunpowder, the maximum total allowed to be kept there shall be the same as if the whole of the stock were gunpowder. The Act imposes with respect to the importation from abroad of either dynamite or gun-cotton, or any explosive (except gunpowder and gunpowder-cartridges, percussion caps, fireworks, and any prescribed explosive), provisions requiring any person importing

them to have an "importation licence" from the Home Office, and forbids owners and masters of ships to deliver to anyone who does not possess such a licence. The Act gives power to the Crown, by Order in Council, either to forbid or to subject to restrictions, the manufacture of or dealing with any explosive of so dangerous a character that such order is expedient. In pursuance of the powers in this Section, Orders in Council have been made relating to fireworks containing sulphur or phosphorus mixed with chlorates.

The use of dangerous explosives in coal mines is regulated by Orders in Council made in pursuance of the Coal Mines Act, 1911.

It will be seen that fireworks are, in general, within the scope of the Act, but small firework factories are also subject to special provisions. Any person may apply to the local authority for a small firework factory licence, the application being made at the time and place appointed by the authority, and giving the name, address, and calling of the applicant and full particulars of his proposed factory. On being satisfied that the application accords with the Order in Council regulating small firework factories, the local authority are to grant the licence on payment of a fee not exceeding 5s. The licence is only valid for the person named in it, and as to its renewal, expiration, etc., is governed by similar provisions to store licences. A factory is not to be deemed a small firework factory for the purpose of the Act if there is upon the same factory, at the same time—

(a) More than 100 lbs. of any explosive other than manufactured fireworks and coloured fires and stars, or

(b) More than 500 lbs. of manufactured fireworks, either finished or partly finished; or

(c) More than 25 lbs. of coloured fires or stars, not made up into manufactured fireworks.

(3) *Administration of the Act and Miscellaneous Matters* The Act is administered centrally and locally. The Home Office is the authority for central administration, and has power to appoint inspectors under the Act, and determine their salaries and conditions of office. No person interested in the explosives trade or holding any patent connected with explosives may act as an inspector under the Act. The inspectors are given power to make such examinations and inquiry as may be necessary to ascertain whether the Act is complied with; and for that purpose an inspector may, at all times, by day and night, enter and inspect factories, magazines, and stores of explosives, and any premises registered under the Act, and require the occupier of any such premises to give him samples; and the occupier and his agents and servants are to furnish the means required by the inspector as necessary for such entry, inspection, examination, and buying, very heavy penalties being imposed for obstructing an inspector. Inspectors not only have power to inspect as to compliance with the Act, but also to require the occupier to remedy anything in the premises, or any practice there carried on, which is unnecessarily dangerous or defective, so as to endanger the public safety or the safety of any person. The reasonableness of any such requisition may be decided by arbitration, and no person is to be precluded by any contract (*e.g.* a structural covenant in a lease) from complying with a requisition or an award in respect thereof. In addition to these powers of the Home Office, the Ministry of Transport may, by order, direct railway, canal, or merchant

shipping inspectors to inquire into and supervise the observance of the Act. Notice of all accidents must be sent to the Home Office; and if any portion of the building is destroyed by such accident, it must not be reconstructed or any explosive stored therein without the permission of the Home Office. Provision is also made for Home Office representatives at inquests on the deaths of persons caused by the explosion of any explosive, or by any accident in connection with an explosive, and for inquiry into accidents and formal investigation in serious cases. The local administration of the Act is in the hands of the local authority, that is to say:

(a) In the City of London, the court of the Lord Mayor and aldermen,

(b) In London, outside the City, the London County Council;

(c) In any non-metropolitan borough not assessed to the county rate (and in other cases by order of the Home Office), the mayor, aldermen, and burgesses;

(d) In any harbour, the harbour authority, to the exclusion of any other local authority; and

(e) In any other place, the justices in petty sessions.

Local authorities are to carry out all the powers previously mentioned as vested in them, and any officer authorised by them has a right to inspect premises on showing his authority.

The local authorities are also empowered by the Act to provide magazines, and harbour authorities and canal companies may provide carriages, ships, and boats for the conveyance, loading, and unloading of explosives.

Mention has already been made of the rights of entry and inspection possessed by inspectors, whether employed by Government or a local authority; but the Act also provides for general powers of entry and search (if necessary, by force) by Government inspectors and the officers and constables of local authorities, the latter being authorised by warrant.

Such officials have also power to seize goods which they consider liable to forfeiture, and to hold them pending decision of the point.

The penalties imposed by the Act are severe, and the court, if it considers that any offence, punishable by fine, was reasonably calculated to endanger the safety of the public or those employed, or to cause a dangerous accident, and was committed wilfully by the personal act, default, or negligence of the person accused, may inflict imprisonment for a period not exceeding six months, with or without hard labour. All offences under the Act may be prosecuted, penalties recovered, and forfeitures inflicted, either on indictment or before a court of summary jurisdiction. The person charged may object to be tried summarily if the penalty for the offence with which he is charged exceeds £100; and if the fine inflicted, by a court of summary jurisdiction exceeds £20 an appeal lies to quarter sessions.

2. **The Explosive Substances Act, 1883.** As a preliminary to the consideration of this Act, it should be mentioned that the Offences against the Person Act, 1861, made it felony, punishable by penal servitude for life, or not less than three years, to destroy any building by explosion with intent to commit murder or unlawfully and maliciously to cause grievous bodily harm to another by explosion, while the Malicious Damage Act, 1861,

imposes a similar penalty for unlawfully and maliciously causing an explosion with intent to destroy or damage a dwelling-house in which any person is, whereby the life of any person may be endangered. The present statute is aimed at the more effectual suppression of outrages, and, in the first place, creates several new offences.

"(a) Unlawfully and maliciously causing explosion likely to endanger life or cause serious injury to property, whether such injury is actually caused or not. Felony, punishable by penal servitude for life or not less than three years, or imprisonment with or without hard labour for not exceeding two years.

"(b) Attempting to cause explosion or making or keeping explosives with intent to endanger life or property, whether any such explosion or injury results or not. Felony, punishable with penal servitude not exceeding twenty years or imprisonment, as in (a).

"(c) Making explosives or having them in one's possession under suspicious circumstances. Felony, punishable with penal servitude not exceeding fourteen years, or imprisonment as in (a)."

In respect of all the above crimes, accessories (*q.v.*) are punishable as principals.

GUNS, SALE OF.—The Gun Licence Act, 1870, required every person using or carrying a gun, otherwise than within a dwelling-house, or the curtilage thereof, to have an excise licence, but the Act excepted gunsmiths or their servants carrying guns in the ordinary course of trade or by way of testing, or regulating their strength or quality, in a place specially set apart for the purpose. The sale of all classes of firearms thus remained unrestricted until the Pistols Act, 1903, now repealed by the Firearms Act, 1920.

The Act of 1920 forbids a person to possess, use, or carry any firearm from which a shot, bullet, or missile can be discharged or any ammunition unless he holds a certificate granted by the chief officer of the police of the district. Further, a person may not manufacture, sell, or repair firearms unless a registered firearm dealer nor even then may he effect a sale without the production by the buyer of the firearms certificate. Rules are laid down prohibiting sale to any person under fourteen or to lunatics and drunkards.

GURJUN BALSAM.—An oleo-resinous substance obtained from various trees in Bengal, Burmah, and the Malacca States. It resembles copaiba balsam, and is frequently used as a substitute for it. It is sometimes applied in skin diseases, such as eczema, and is also useful as a varnish. Another name for this article is wood oil.

GUTTA-PERCHA.—The exudation of many species of trees found principally in Sumatra, Borneo, Ceylon, and the Malay Peninsula. It began to be of practical use towards the middle of the nineteenth century. The milky juice obtained from the stripped bark hardens rapidly on exposure to the air, and assumes a brownish-red colour, mainly owing to the presence of impurities. On being heated, it softens again, and can be spread out into sheets. It is purified and kneaded by powerful machinery before it is ready for use. Gutta-percha resembles indiarubber but lacks its flexibility. Its uses are various. It is mainly employed as a covering for telegraph wires and for other insulating processes, owing to the fact that it is a non-conductor of electricity. Its lack of durability is, however, a great defect. As it is very resistant

to acids, it is used for pipes and other receptacles in chemical works. Golf balls, tubing of all sorts, belting, pump-buckets, artificial gums for false teeth are among the other articles made from it, and it is also employed for soling boots. A useful cement is obtained from a solution of gutta-percha in bisulphide of carbon. The trees were originally felled by the natives to procure the exudation, and this wasteful process led to a shortage of supplies. The present method permits of uninterrupted growth, as the bark is stripped in sections.

GYPSUM.—A mineral composed of sulphate of lime and water. The pure white, marble-like variety is called alabaster, and is used in carving vases,

statuettes, etc., though its softness is a great drawback. The fibrous variety is known as satin spar, from its satiny appearance, and selenite is the name given to the smooth, transparent, and crystallised kind which is occasionally used by opticians. Though usually white, gypsum may be red or brown in colour, owing to the presence of iron. Plaster of Paris is obtained by burning gypsum and grinding it to a powder, which, when mixed with water, sets immediately into a fine, white solid, extensively employed by sculptors. Crushed gypsum is used as a manure. Gypsum is found in the Midlands and in Cheshire, and in the Great Salt Lake of Utah.

H.—This letter occurs in the following abbreviations—

H M C	His Majesty's Customs
H M S	His Majesty's Service, or Ship
H O	Head office
H P.	Horse power.
H P N	Horse power nominal
Hhd	Hogshead.

HABEAS CORPUS.—Latin: "Bring up the body." A writ of *habeas corpus* in English law is one which directs a person who holds or detains the body of another to bring him up before the court, so that it may be seen whether the detention is legal or not. By this means, if there is any irregularity in the proceedings, a prisoner is either brought to speedy trial or released. It is not only applicable to criminal law, but also to certain civil matters, where parents are seeking to regain the custody of their children, husbands of their wives, etc.

The Habeas Corpus Act, 1679, has always been looked upon as one of the great bulwarks of English liberty, although, in fact, it did nothing more than extend one of the provisions of the Great Charter of 1215.

Any failure to obey the writ renders the person in default liable to severe penalties.

HABERDASHERY.—Various small wares, such as tapes, threads, buttons, fringes, etc. In statistics it is classified with embroidery and needlework. It is generally treated as a branch of the drapery trade.

HAEMATITE.—An important iron ore, so-called because it is blood-red when pulverised. It consists chiefly of peroxide of iron. A fibrous variety occurring in kidney-shaped masses is found in Cumberland and Lancashire. Another variety is known as specular iron ore, owing to the brightness of its surface and its consequent power of reflection. This also occurs in the North of England, but the best is found in Elba. Haematite is also obtained from North Europe, North America, and Brazil. It is much used in preparing the purest form of iron, and the demand for it has increased since the introduction of the Bessemer process for manufacturing steel. The close-grained hard varieties are used in stone-cutting, for burnishing jewellery and goldleaf, and when powdered as a polishing material for metals. Reddle or ruddle, an earthy form, is used for making crayons, polishing glass, and as a red pigment in paint manufacture.

HAGUE RULES.—These comprise a set of rules relating to bills of lading, drafted in the first instance at the Hague Congress in 1921, and adopted in a modified form by the International Bills of Lading Convention, held at Brussels in 1923. The United Kingdom was the first signatory to ratify the Convention, by passing the Carriage of Goods by Sea Act, 1924, in which the Rules appear as a schedule and are made to govern all outward and coastal bill of lading shipments from the United Kingdom

and/or Northern Ireland. The Rules define maximum immunities and minimum liabilities to be assumed by sea carriers in regard to the loading, handling, stowage, carriage, custody, care, and discharge of cargo to the shipment of which the Rules apply.

As regards the 1924 Act, the absolute implied warranty of seaworthiness of the ship is nullified by the Rules; it suffices if the carrier exercises due diligence (a) to make the ship seaworthy, (b) to properly man, equip, and supply the ship, and (c) to make the holds, refrigerating and cool chambers, and all other parts of the ship in which goods are carried, fit and safe for their reception, carriage, and preservation.

A bill of lading must be issued to the shipper showing, *inter alia*, (a) the leading marks and numbers of the packages, or the quantity or weight, as furnished in writing by the shipper, and (b) the apparent order and condition of the goods. Such bill of lading is *prima facie* evidence of the receipt by the carrier of the goods described. The shipper is deemed to guarantee the accuracy of particulars furnished by him, but the carrier is not indemnified in respect of his responsibility and liability under the contract of carriage to any person other than the shipper.

Notice of the apparent loss or damage must be given to the carrier before removal of the goods, or of all other loss or damage within three days; such removal is *prima facie* evidence of the delivery by the carrier of the goods as described in the bill of lading. Claims are statute-barred unless the action is commenced within one year after delivery date of the goods.

A "shipped" bill of lading must be issued, and exchanged for any previously issued "received for shipment" bill of lading.

No clause contracting out of the carrier's liability is admissible, any clause conferring benefit of insurance on the carrier falls within this provision.

A carrier may surrender any of his immunities—he cannot extend them. The following, in addition to the question of unseaworthiness, are the immunities of the carrier under the Rules—

Loss or damage arising or resulting from—

(a) Act, neglect, or default of the master, mariner, pilot, or the servants of the carrier in the navigation or in the management of the ship

(b) Fire, unless caused by the actual fault or privity of the carrier

(c) Perils, dangers, and accidents of the sea or other navigable waters

(d) Act of God

(e) Act of war

(f) Act of public enemies.

(g) Arrest or restraint of princes, rulers, or people, or seizure under legal process

(h) Quarantine regulations

(i) Act or omission of the shipper or owner of the goods, his agent or representative

(j) Strikes or lock-outs or stoppage or restraint

of labour from whatever cause, whether partial or general

(b) Riots and civil commotions

(c) Saving or attempting to save life or property at sea

(m) Wastage in bulk or weight or any other loss or damage arising from inherent defect, quality, or vice of the goods

(n) Insufficiency of packing

(o) Insufficiency or inadequacy of marks.

(p) Latent defects not discoverable by due diligence

(q) Any other cause arising without the actual fault or privity of the carrier, or without the fault or neglect of the agents or servants of the carrier, but the burden of proof is on the person claiming the benefit of this exception to show that neither the actual fault or neglect of the carrier nor the fault or neglect of the agent or servants of the carrier contributed to the loss or damage

Reasonable deviation, including any deviation in saving or attempting to save life or property at sea, is excused

The maximum liability of the carrier—unless he agrees to the contrary—is £100 per package or unit, except where the nature and value of the goods have been declared by the shipper before shipment, and inserted in the bill of lading. This liability is not subject to average, nor is it subject to contribution from insurers

The general effect of the Rules may be said to be to relieve the carrier from liability in respect of all loss and damage not contributed to by the neglect or default of himself or his agents

HAILSTORM INSURANCE.—The market for the insurance of agricultural crops against damage by hail is a very restricted one as many of the composite offices do not undertake these risks. The business is much more widely developed on the Continent, and numerous small companies and mutual associations are found in Denmark, Norway, Sweden, and Germany, devoting themselves solely to this business

Hailstorm insurance is a very hazardous business, and results can be judged only on the experience of many years. The business may run for several seasons with practically no claims, and then one bad season may sweep away the profits of years. The business is further of rather an unstable character. While many farmers appreciate the value of such an insurance and regularly take out a policy every year, it is found that after a year free from hailstorms many farmers will decide to run their own risk in the following year and a succession of two or three good years will result in a comparatively small percentage of insurances being effected. In this way the farmer is always trying to select against the company, and the law of averages does not have free play as it does in other classes of risk where people insure as a matter of course

The policy covers loss or damage to crops, as enumerated in the schedule to the policy, by hail. It does not cover damage by wind, water, or other weather causes. The schedule of crops specifies the acreage of each, and it is a condition of the policy that the quantity of each crop forms the entire acreage of that particular crop grown by the insured during that season. If a part of a crop only is to be insured it must be identified by the field in which it is grown

The rates are based upon the acreage in the case of

ordinary farm crops. Where seed crops, corn, peas, and beans are concerned the rates are governed by the values

The following are special rates—

		s	d	Premium per acre.	
				s	d
Wheat,	value to	75	0 per qr.	1	6
Barley	"	70	0	1	3
Oats	"	47	6	1	9
Peas for					
harvesting	"	40	0	4	0
"	"	50	0	5	0
"	"	60	0	6	0
Beans for					
harvesting	"	40	0	3	9
"	"	50	0	4	6
"	"	60	0	5	3
Carrots	"	150	0 per cwt.	5	0
Clover, red	"	150	0	6	0
" white	"	250	0	9	6
Mangle or Beet	"	80	0	45	0
Potatoes	"	£40	per acre	15	0
Sanfoin	"			1	0
Turnips	"			1	0
Rye grass	"			1	0

The insurance runs from the date of payment of the premium until the crops are harvested, and there are no renewals—fresh policies being issued every year

Double rates are charged for certain parts of the country which experience has shown are peculiarly susceptible to hailstorms.

Compensation is based on the average current market price of the crops in the neighbourhood

Hailstorm insurance also embraces the insurance of florists and others against loss or damage to greenhouses and plants. In the proposal the description of each building must be given, the total square feet of glass and its class. The premium is usually charged per square foot of glass

HAIR.—A considerable import trade is done in human hair. The coarse variety obtained from China and India is worked up into bracelets, watch-guards, etc., while the finer qualities imported from Europe are used by the hairdresser and wig-maker. The fair hair is obtained from Norway, Sweden, and Germany, while the darker colours come from France and Italy. The hair of many animals has an industrial use. Camel hair, mohair and cashmere, alpaca, llama, and vicuña are used for textile fabrics, cowhair for carpets, felt, and for mixing with plaster. Artists' and other kinds of brushes are made of the hair of the badger, bear, sable, camel, ichneumon, and other animals. Horsehair is a valuable material in upholstery

HAIRDRESSER'S INDEMNITY.—A form of insurance issued to hairdressers covering them in respect of claims arising out of their negligence or the negligence of their assistants. The policy also extends to embrace claims for barbers' rash or any illness alleged to be due to unskillful treatment.

HAITI (or HAYTI).—Haiti (Mountains), the second largest of the West Indian Islands, lies between Cuba and Porto Rico, from which it is separated by the two most frequented channels leading into the Caribbean Sea, the Windward Passage, and the Mona Passage, respectively. Politically, it is divided between the French-speaking, black republic of Haiti in the west, and

the much larger, less densely peopled, Spanish-speaking mulatto republic of Santo Domingo in the west.

In outline, this mountainous island, equal in area to Scotland, resembles a swimming frog, the five peninsulas projecting east and west forming the head and limbs. Two of these—Tiburon and Samana—have only recently been transformed from islands into peninsulas. Much of the coast is fringed with reefs, and there are many bold headlands, lofty peninsulas, and deep indentations, notably that of the Bay of Gonaves, which includes the islands of La Gonave, Tortuga, and La Vache.

The main Antillean range runs 400 miles from Cape St. Nicholas, on the Windward Passage, to Punta Engaño, on the Mona Passage, under the name of Sierra Cibao (Rocky Mountains), rising to 10,300 ft. in Loma Tina, the highest peak in the West Indies. Flat lands separate the central range from the low Monte Christi, in the north, and the Tiburon range, in the south. Among the chief rivers are the Yuna, Grand Yaque, Artibonite, Yaque Chico, Grand Anse, and Trois Rivières. Two great salt lakes in the Tiburon range have sharks living in them.

The climate is tropical, but the heat is tempered by the trade winds. There is a wet and a dry season, the wet falling between June and the end of the year (broken by a spell of dry weather in August and September), and the dry between December and June. Hurricanes in August and December are destructive. Up to 4,000 ft. pines are found, farther up, as the rainfall increases, are beautiful leafy woods; while on the summits are dense thickets of ferns. Where rain is abundant the plains are green and fertile, but dry, sheltered parts are covered with chaparral, grass, and cactus. The fauna is completely South American, and includes raccoons, monkeys, deer, snakes, crocodiles, parrots, humming birds, and brightly-coloured fishes and insects.

THE REPUBLIC OF HAÏTI. Position, Area, and Population. The Republic of Haïti, occupying the more mountainous and rugged western third of the island, has an area of 10,204 square miles and a population of 2,045,000, nine-tenths of whom are negro, and the remainder chiefly mulatto (there are about 3,000 whites). French is the official language, and Roman Catholicism the chief religion, but the bulk of the people use a corrupt (creole) kind of French, and many are given to superstition. Originally a French colony, Haïti became a republic in 1804. Under the constitution of 12th June, 1908, the Government consists of a President, elected for four years, a Chamber of Deputies, chosen for two years by popular vote (one member for each 60,000 inhabitants), and a Senate of fifteen members chosen for six years. Since November, 1915, however, the country has been virtually a protectorate of the United States. American officials control the finance, customs, public works, police, and sanitary service under a High Commissioner, appointed in May, 1922. Revolutions and disorders, and the bounty of Nature, have in the past retarded progress, but American intervention is bringing security, sound finance, better sanitary conditions, improved roads, and more scientific agriculture. The Haïtians are lazy, ignorant, grossly superstitious, extremely corrupt, and strongly averse to harbouring foreigners. Progress is, therefore, slow, but the rural population of 1,600,000, is a potential source of agricultural labour for the chief industry of the country.

Industries. The resources are mainly agricultural, and the future depends principally on the construction of roads for the opening up of the country and for the marketing of the crops. Irrigation is also necessary in some areas. Coffee (of excellent quality) is the chief source of wealth. Of much less importance are cotton, sugar, logwood, cocoa, tobacco, mahogany, cedar, satinwood, rosewood, hemp (pita), honey, gums, oil-seeds, rice, maize, fruits, and indigo. Cattle-breeding is neglected, and the mineral resources, which include gold, silver, copper, iron, antimony, nickel, tin, kaolin, coal, gypsum, and limestone, are undeveloped. Manufactures are represented by rum, sugar, logwood extract, and tobacco.

Communications and Trade. Communication with the interior is very poor—even in the chief towns the roads are in a primitive condition, but a good coasting service exists. Most trade is carried on with the United States (the bulk), the United Kingdom, France, Germany, and Belgium. The chief exports are coffee (75 per cent.), cotton, logwood, cotton seed and oil, lignum vitae, timber, copper, sugar, and cocoa, and the chief imports are cotton goods, wheat flour, lard and substitutes, soap, manufactures of iron and steel, fish, sacks, and cordage, machinery, tobacco, and kerosene.

Trade Centres. *Port au Prince* (125,000), the capital and chief port, on a splendid harbour in the Gulf of Gonave, is a quaint, ramshackle, hot, dirty, and somewhat unhealthy town. It is built largely of wood.

Other towns are the ports of *Cape Haïtien* (20,000), *Aux Cayes* (15,000), *Jacmel* (15,000), *Gonaves* (8,000), and *Port de la Paix* (5,000).

There is a regular weekly mail service to Haïti via Southampton. The time of transit is fifteen days. (For map, see WEST INDIES.)

THE REPUBLIC OF SAN DOMINGO. This is described under the heading, DOMINICAN REPUBLIC.

HAKE.—A fish of the cod family, found in the Atlantic Ocean and in the Mediterranean Sea. It is an important product of the British fisheries, and is used for food, both in its fresh and dried state.

HALFA.—(See ALFA.)

HALF-COMMISSION MEN.—In connection with the Stock Exchange there is a large number of men who are neither brokers nor jobbers, but have their own circle of friends and acquaintances, who form a considerable *chemise*. Such individuals frequently work in conjunction with a broker or firm of brokers, who give them office room and pay them half the commission earned on all the business introduced. On the other hand, the half-commission men usually have to bear half of any loss that may arise through their introductions. Some of these individuals make very handsome incomes.

HALF-CREDIT POLICY.—This is a type of contract under which half the normal premium for the first few years (usually five) is allowed to remain as a debt on the policy, subject to interest, which is generally payable with the premium. At one time whole life and endowment assurances were often issued subject to a half-credit debt, but policies under the half-premium plan (*qv*) tended to take the place of the half-credit policy, and the former, in its turn, has since been generally superseded by the convertible term assurance (*qv*).

HALF-NOTES.—When it is desired to send money by post, in addition to the other various methods adopted, the transmission is made by means of bank notes. But if a bank note is stolen there is

often no remedy. To avoid this, notes are sometimes cut in halves, and the second half is not dispatched until it is known that the first half has arrived in safety. The recipient then joins the parts by means of gummed paper, and the note is put into circulation. Until the second half is sent, the sender is the owner of the whole note.

HALFPENNY.—A bronze coin, the half of a penny. Its standard weight is 87·50000 grains troy. The diameter of the coin is exactly 1 in. (See COINAGE.)

HALF-PREMIUM POLICY.—This is a type of whole life or endowment assurance policy where a low premium is charged during the first five years and double (or a little more than double) is payable thereafter. The latter, of course, must obviously be not more than the normal premium for the age after five years, otherwise the policy would probably be lapsed and a new one effected at the lower rate. The policy has no surrender value during the first five years, nor does it share in profits during that period. This type of policy is also sometimes called a reduced early premium policy or an ascending scale of premium policy. It has now been generally superseded by the convertible term assurance (*q.v.*)

HALF-SOVEREIGN.—The standard weight of this coin is 81·63723 grains troy, and its standard fineness is eleven-twelfths fine gold and one-twelfth alloy. It ceases to be legal tender when its weight, through wear and tear, falls below 61·125 grains troy. (See COINAGE.)

HALIBUT.—The largest flat fish. It abounds in the Northern seas, but is rarely found south of the English Channel. Dried halibut, like smoked haddock, is exported to South Europe. In Greenland an oil is extracted from the fish.

HALL MARK.—The mark which is placed upon jewellery and plate at the Goldsmiths' Hall or the Assay Office to show its quality and to indicate also the year of the marking.

HALSEY SYSTEM.—(See WAGES.)

HAM.—A name usually restricted to the cured hind legs of hogs. The meat is rubbed with a mixture of salt and saltpetre, and steeped in brine, after which it is drained and hung up to dry. "Smoked" ham, which is noted for its flavour, is obtained by hanging the ham over a fire of non-resinous wood. Wiltshire, Yorkshire, and many other parts of Great Britain produce cured hams, but the home supplies are supplemented by large imports from the United States, especially from Chicago, while the best hams come from Belfast and Westphalia.

"HAMMERED."—When a member of the Stock Exchange is unable to meet his obligations, the fact of his default is publicly announced upon the Exchange to the other members, after attention has been called by striking the rostrum with three blows by a wooden hammer. The name of the defaulter is then added to the list of members who have been expelled or suspended owing to their inability to meet their liabilities. This process is commonly known as "hammering" and the defaulter is said to be "hammered." As soon as a person has been hammered he must execute and deliver to the official assignee a deed of assignment, and his estate is then dealt with in the manner explained under OFFICIAL ASSIGNEE. To become eligible for re-admission as a member a defaulter must pay from his own resources, independently of his security money (see SURETIES) at least one-third of the balance of any loss that may occur on his transac-

tion, or, if his debts should be less than the amount which his sureties may be required to pay, he must refund to the sureties one-third of the amount paid by them.

HAND AND SEAL.—At the end of many deeds, the words "as witness our hands and seals" are generally found. These words refer to the signatures and the seals which follow. The word "hand" originally meant an actual impression in ink, upon the deed, of the person's hand.

HANDSEL.—Another name for earnest money, or money paid to bind a bargain.

HANGING SIGNS.—If a sign or advertisement of any kind is suspended in a public thoroughfare, it may be dangerous to life and limb, because it is hung too low, or is out of repair, or is insecurely fastened, or projects too far, or by its colour, shape, or movement is liable to startle nervous horses.

The public have the right to use the highway with as much safety as human prudence can insure. Therefore, if a person negligently suspends a sign in a thoroughfare, and by such negligence causes harm to a passer-by, he must be made to suffer. Whatever is of the nature of an obstruction to the free and safe use of the highway, whether the highway be a street, road, lane, alley, or passage, is considered to be a nuisance at common law, or is made a nuisance by statute.

The local authorities, who have the duty of regulating hanging signs or advertisements, derive their authority from the Towns Improvement Clauses Act, the Public Health Acts, the Local Government Acts, and other statutes. The local authorities are the police, city councils, town councils, urban district councils, and rural district councils when they possess urban powers. As will be seen from the article GRATINGS AND COAL HOLES, a hanging sign may consist of a projecting window, window sign, sign-post, sign-iron, showboard, or any other obstruction or projection which may be an obstruction to the safe and convenient passage along any street.

The local authority may give notice to the owner or occupier to remove any obstruction which interferes with the safety and comfort of the public. If the owner or occupier fails to obey the notice, he will be liable to be fined. Or the local authority may remove the obstruction or nuisance themselves and may charge the expenses to the owner or the occupier.

HANSARD.—The popular name for the official record of the proceedings of the Houses of Parliament. It is a very full account of everything of importance which takes place, and the speeches of the different members are given at varying lengths, according to the importance of the positions occupied by them. The question of the length of the reports is arranged by special contract. The name is derived from Luke Hansard, who was born in 1752. He was a Norwich man who established a large printing business, and he published the journals of the Houses of Parliament from 1774 until his death in 1828. His name has now become indissolubly associated with the reports ever since his day.

HANSE.—The *Hansa* (bond or confederacy) or Hanseatic League, was a politico-commercial association or league of cities in the north of Germany and the adjoining states, which flourished all through the Middle Ages. Its origin is obscure, but its primary object was to afford mutual protection to the cities composing it against the continual piracy

that had infested the North and Baltic seas. In the twelfth century, Hamburg and Lubeck formed an alliance, which gradually came to include the coast cities and some of the interior towns. Lubeck (the head), Hamburg, and Bremen were joined by Dortmund, Munster, Soest, Brunswick, Magdeburg, and Cologne, the last town connecting the northern towns with the waterway of the Rhine and with south Europe. By A.D. 1300 seventy cities were in the League, including every centre of importance, from Livonia to Holland. These were divided into four districts. Lubeck, at the head of the first, had under it Hamburg, Bremen, Rostock, Wismar, and others; Cologne, at the head of the second, had twenty-nine towns under it; Brunswick, at the head of the third, had thirteen towns under it; and Danzig, at the head of the fourth, had eight towns near it and others more remote under its rule. The capital was Lubeck, where the archives were kept, and the congresses most frequently held. The deliberations of these congresses decided the duties on imports and exports, fixed the contributions of the various towns to the common treasury, decided questions of peace and war; settled quarrels among the members, and inflicted severe penalties for disobedience.

Gradually the power of the Hansa cities increased, their commerce developed, and they became more and more ambitious. They began to seek not only their own commercial security, but to secure a monopoly of the trade of the north of Europe and to emulate in the Baltic the power exercised by Venice in the Adriatic. Their wealth and military and naval power enabled them to gain privileges and immunities from the northern kings and princes, which almost gave them a complete monopoly of the foreign trade of Denmark, Prussia, Russia, and Scandinavia. In spite of their monopolising tendencies, the Hansa towns did much for European civilisation. They suppressed piracy by sea and land, introduced the principles of orderly obedience and constitutional government, developed a fresh spirit of civic order and freedom; increased the standard of social comfort and artistic excellence, encouraged industry and trade, caused towns to arise, brought to a high pitch of perfection the arts of navigation and shipbuilding, and used their merchant navy for both commerce and war.

The League extended and facilitated its commerce by establishing "factories" or agencies in various foreign countries. Wisby, in Gothland, the centre of the Russian trade with Germany, had a factory in Novgorod; Lubeck had one in Scania; Cologne had one in London, and two other important factories were in Bruges and Bergen. These factories formed trading agencies of considerable utility, where the natural productions of the various countries were collected and exchanged for the imported goods from the Hansa towns. They enjoyed special privileges, granted or extorted from the various rulers, such as exemption from taxation and the ordinary law of the land, and were most carefully regulated by strict laws made by the Hansa. At Novgorod were collected wax, tallow, hides, leather, and corn, which were exchanged for woollen cloths, linen, yarn, metal goods, needles, salt, Rhine wines, and beer. The Swedish Hansa factories exchanged copper, timber, salted fish, and meat for corn, meal, linen, cloth manufactures, metal goods, and wine. Danish factories exported salt fish, herrings, horses, cattle, and corn, and imported linen and woollen cloths, wine, beer, wax,

and honey. From Norwegian factories came timber, resin, pitch, furs, fish, and blubber in return for corn, wine, beer, metal goods, cloth, yarn, salt, spices, and fruits. English factories sent wool, tin, leather, and hides, for which they received manufactured products, wax, and herrings. The Netherlands trade was very large, for here were assembled the products of the north—fish, blubber, tar, skins, furs, tallow, wax, honey, and copper—special German products—wine, hops, dyestuffs, coarse woollens, corn, fruit, iron goods, timber, flax, hemp, and leather—English wool, southern fruits, and Asiatic spices and silks. In return the Netherlands supplied fine linen and woollen fabrics, laces, leather goods, silks, velvets, armour, and locksmiths' work. During the fifteenth century the Hansa developed an important trade with southern and western Europe. From France the League obtained wine, salt, oil, and madder, and from Spain and Portugal wine, salt, oil, fruit, sugar, silk, and wax. Thus there was a very effective trade carried on by the Hansa before the various countries had developed an active trading class of their own.

In the seventeenth century the Hansa declined. Its downfall was due to the commercial spirit born in other lands and cities, the opening up of Atlantic trade, the disastrous Thirty Years' War (1618-1648), the migration of the herrings to the coasts of Holland rather than to the Baltic in the fifteenth century, the rise of Protestantism, the failure to adopt newer methods of trade, the lack of unity among its members, and the growth of strong State Governments. Lubeck, Hamburg, and Bremen, however, still survive as old Hansa towns, ranking to-day as States in the German Republic.

HARBOUR.—A haven in which ships can anchor. A harbour is a place which is only partly enclosed, and is thus distinguished from a dock, which is wholly enclosed.

HARBOUR DUES.—Payments which have to be made by ships for entering certain harbours and using landing stages, etc.

HARBOUR MASTER.—The public officer who has control and charge of a harbour.

HARD CASH.—This is a term often applied to coins as distinguished from bank notes, which are sometimes spoken of as "soft money."

HARDWARE.—A comprehensive name for articles of brass, iron, copper, etc., especially ironmongery. The chief centres of the industry in England are at Birmingham, Sheffield, and Wolverhampton, and foreign competition has been met in recent years by the more extended use of modern machinery, and the adoption of scientific methods and research in the various branches of the trade.

HARE.—Though this rodent is common in Europe, the import trade of Great Britain is done with the United States and Canada, which send large numbers of skins annually.

HARICOT BEANS.—The seeds of *Phaseolus vulgaris*, the French or kidney bean. These beans are cultivated on a large scale in France, Germany, and Switzerland for consumption in these countries and for export. Several varieties are grown in France, and large quantities are imported into this country. The chief market lands are the large white floury haricots, the dry medium kind, and the small rice-haricots "Haricots flageolets" and "Haricots vert" are the green unripe beans preserved and sold in bottles or tins.

HARTER ACT.—By this title is generally known the United States Act of Congress, 1893. Apart

from this statute, the law of the States does not admit of the insertion of a negligence clause in bills of lading or charter parties. The Act modifies the stringency of this attitude by permitting a shipowner to limit his responsibilities in respect of the implied warranty of seaworthiness to the exercise of due diligence to ensure that the ship is in fact seaworthy. This is not directly set forth in the statute, it merely being provided that "no bill of lading shall contain clausings whereby the obligations of the owner (or owners) of the vessel to exercise due diligence properly to man, equip, provision, and outfit the vessel, and to make her seaworthy and capable of performing her intended voyage, or whereby the obligations of her master, officers, agents, or servants carefully to handle and stow her cargo, and to care for and properly deliver it, are in any way lessened, weakened, or avoided," and if this is requisite, the bills of lading must expressly state that the obligations of the carrier are limited to the exercise of due diligence. Subject to the above, the shipowner is entitled to benefit of the following exceptions: faults or errors in navigation or in the management of the vessel, dangers of the sea or other navigable waters, acts of God, acts of public enemies, inherent defect, quality, or vice of things carried, insufficiency of package, seizure under legal process; act or omission of the shipper or owner of the goods, his owner or representative, saving or attempting to save life or property at sea, or any deviation in rendering such service. The addition of any further exceptions negatives the whole exceptions clause.

All affreightment contracts issued in the U.S.A. must contain a clause paramount embodying the provisions of the Act so that these will be applied in whatever country any action is taken to enforce such contracts. All affreightment contracts sued on in the American courts will be construed subject to the Harter Act.

A bill of lading must be issued in respect of every shipment from and between foreign ports and ports in the U.S.A. which must state the marks necessary for identification, the number of packages or quantity, stating whether it be carrier's or shipper's weight, and the apparent order and condition of the goods.

Violation of any of the provisions of the Act may result, on conviction, in the imposition of a fine not exceeding £2,000.

HARTSHORN.—The shavings of the antlers of the red deer, from which numerous products are distilled. The most important is spirits of harts-horn, but the name now stands for a solution of ammonia.

HASHISH.—(See BHANG)

HATCHWAY.—The opening in the deck of a ship which gives access to the hold.

HATS.—Straw, cloth, felt, or silk are the usual materials employed in the manufacture of hats, though other materials are used in millinery. The tall silk hat was introduced from France towards the middle of the nineteenth century. Several processes are involved in its manufacture. The body of stiffened calico or cork is first prepared on a block, covered with a kind of varnish, and ironed. The covering of plush is next added, the brims are shaped, and the article is lined, and finished with silk binding. Opera hats are made on a collapsible mechanical frame, and corded silk or merino replace the silk plush. Felt hats are manufactured principally in the neighbourhood of Manchester

The fur of rabbits and beavers is the material most frequently employed, but camels' hair and wool are used for the finest and coarsest varieties respectively. Great Britain does a large export trade in hats, particularly in felt hats from Manchester and straw hats from Bedford. Canton and Tuscany also supply the straw variety, while Lyons and Metz provide the plush for silk hats. New York and Paris are other centres of the hat trade.

Panama hats are dealt with separately.

HAULAGE.—The exclusive charge made by railway, dock, and canal companies for the use of carriages and trucks, the use of a line of rails, or the drawing of loaded or empty trucks or wagons from one point to another. It does not cover the services of loading and discharging the trucks.

HAVEN.—An inlet of the sea, or the mouth of a river where a ship can obtain a good anchorage.

HAWKERS.—A hawkler is generally defined as a person who travels with a horse or other beast of burden, and goes from place to place or to other men's houses carrying to sell, or exposing for sale, any goods, wares, or merchandise, or carrying or exposing samples of goods, wares, or merchandise to be afterwards delivered. But this definition now requires extension. It seems to include any person who travels in any fashion to a place in which he does not usually reside or carry on business, and there sells or exposes for sale any goods, wares, or merchandise at any house, shop, room, booth, stall, or other place hired or used by him for that purpose.

There are several nice points to be considered which have been raised at different times as to who is and who is not a hawkler. Thus, if a man goes round with a horse and van to deliver goods in accordance with a previous contract of sale, he is not a hawkler. And the same thing is true if he delivers goods in pursuance of a previous order to send goods on approval. But if he takes goods about to find customers for them he would not escape from his liability to take out a licence merely by calling upon certain specified customers and not generally upon members of the public.

By the Hawkers Act, 1888, a man is brought within its provisions if, for instance, he habitually travels about with a horse and cart carrying, e.g., a cask of oil, and calls at customers' houses in compliance with their request, and there delivers oil without having received previous orders for any specified quantities.

Hawkers may not hawk gunpowder, or deal in spirits or other intoxicants, or hawk tobacco or snuff. They cannot hawk petroleum, unless they are licensed petroleum sellers; or postage stamps, unless they are servants of the Post Office, or gold or silver plate, without an additional licence. These enactments are laid down by various Acts of Parliament.

A hawkler is compelled to take out an excise licence, which costs £2 per annum. This licence is granted on the production of a certificate of fitness signed by a justice of the peace of the place where the hawkler resides, or by certain other persons specified in the Act of 1888. It is an offence for any person to act as a hawkler without a licence, or to refuse to produce it for inspection on demand. Hawking without a licence is punishable by a fine of £10, and the forging of a hawkler's licence renders the offender liable to a penalty of £50.

The following classes of persons are exempt from the necessity of taking out a licence—

(1) Sellers of victuals, this word "victuals"

being extended to include everything which constitutes an ingredient in any food consumed by man (This exemption, however, may be subject to any local Act dealing with the trading of a particular market or place)

(2) Commercial travellers or other persons, selling or seeking orders for goods to or from dealers therein, who buy to sell again

(3) The makers of any goods, or their servants, etc., usually residing with them, selling or seeking orders for goods manufactured by such makers

(4) Dealers in coal

(5) Persons selling or exposing for sale goods or merchandise in a public market or fair. This exemption also may be subject to local provisions

A hawker is liable to a penalty of 10 if he fails to exhibit his name and the words "licensed hawker," in legible characters, on every box, package, etc., used by him, and on any vehicle which he requires for his trading, and on any handbills he distributes, and on any rooms occupied by him for sale purposes.

An officer of the Inland Revenue or a police-constable may arrest any person hawking without a licence, or even a licensed hawker if he refuses to produce his licence. The offender may then be summarily dealt with before a local justice of the peace, and if he fails to pay the fine imposed, imprisonment, with or without hard labour, may be imposed for a term not exceeding one month

As to the difference between a hawker and a pedlar, see PEDLARS

HAY.—Meadow grass dried and used as fodder. The grass is usually mixed with clover and similar plants, which improve its quality. It must be cut young before the nutritive matter has become fibrous. The weather in which the grass is cut and dried is very important, as the flavour of the hay depends on it. A load consists of 36 trusses of 56 lbs each. Holland exports large quantities to Great Britain.

HAY, CORN, AND STRAW DEALERS.—An Act to regulate the buying and selling of hay and straw was passed in 1796. Hay and straw may be sold only in bundles or trusses within the cities of London and Westminster, and a radius of thirty miles thereof. New hay must weigh 60 lbs a truss, and old hay, 56 lbs.; a truss of straw must weigh 36 lbs. A load of hay or straw must contain thirty-six trusses. New hay must not be sold for old hay, the inside contents of a truss of hay or straw must be of the same quality as the outside. The pair of bands of a truss of hay must not exceed 5 lbs in weight. Common salesmen, factors, and agents must not buy or sell hay or straw on their own account

Within seven days after a sale of hay or straw, a just and true account of the transaction must be sent to the owner on whose account the sale was made. A register must be kept of all hay and straw sales effected in every public market. This rule does not apply to sales made by special contract, and not made in the hay and straw market. Proper scales and weights must be kept by the market official, so that the buyer may have the hay and straw weighed

No person shall buy and sell again any hay or straw on its way to the market, so that it may be again bought and sold at the market. This practice is known as "forestalling" (*q v*). No charge must be made beyond the true price paid or agreed upon. When a quantity of hay or straw is sold in the

market, no other but that actually sold must be delivered. None of the following things must be added to increase the weight: Water, sand, earth, or any other matter or thing. No salesman or driver must deliver less than the proper number of trusses sold

If hay or straw is exposed for sale in a market place, and is not sold, it must be brought by 11 a.m. on the next market day, and not on a "bye day." No false receipt, ticket, or memorandum, must be given for any hay or straw sold. Disobedience to any rule of this statute is followed by fine, and, in some cases, by imprisonment

In 1834 the statute law was amended as regards markets of a private character through which there is no public right of way for carriages. In 1856 it was enacted that a ticket or note must be delivered to every buyer, containing the number of trusses sold, together with the name and address of the owner. The penalty for adulteration was increased. The clerk of the market must weigh the hay or straw, if required to do so, and examine the same to see if it is free from adulteration. The clerk of the market has power to summons an offender

The Corn Returns Act, 1882, enacts that weekly returns of the purchases of British corn shall be made, under the direction of the Board of Trade, from such towns as may be fixed from time to time; and the average price of British corn shall be ascertained from these returns. Every buyer of corn, who is required to do so, must make a weekly return on the last market day in the week, specifying the amount of each sort of British corn bought by him in the town, the price, the weight, and other particulars, and the seller. The following are held to be buyers of corn: A dealer in British corn, corn-factor, miller, maltster, brewer, distiller, carner, merchant, clerk, or agent, who purchases British corn for sale. The particulars of the corn returns are collected by inspectors of the Board of Trade, and are by them transmitted to the Central Department. The corn returns are published at regular intervals

By the Corn Sales Act, 1921, corn, including wheat, barley, oats, rye, and maize must, unless still growing, be sold by weight; the hundredweight is now the unit instead of the bushel

HAZARDOUS GOODS.—Goods considered by the Fire Offices' Committee as likely either to cause fire or to increase the conflagration in the event of fire occurring

HAZARDOUS TRADES.—(See FACTORY AND WORKSHOPS ACT)

HAZEL NUTS.—The fruit of a small tree of the oak family. Filberts, cob-nuts, and Spanish or Barcelona nuts are different species of hazel nuts, and another variety is exported from Turkey. Barcelona nuts are imported into England in November, packed in bags of 1 cwt 14 lb, other Spanish nuts arriving from October to February in "barrel" sacks of about 1½ cwt. The nuts are edible, and also yield an oil useful in painting and perfumery. The wood of the tree is used for making walking sticks, rustic work, crates, and huddles.

HEALTH, BILL OF.—(See BILL OF HEALTH)

HEALTH INSURANCE.—(See NATIONAL HEALTH INSURANCE)

HEALTH, MINISTRY OF.—(See LOCAL GOVERNMENT)

HEATING.—All business premises should be adequately heated in the cold weather, otherwise efficiency is bound to deteriorate. Clerical workers

particularly, are unable to do themselves justice in a low temperature, while in retail shops not only the comfort of the assistants, but also the comfort of customers, must be considered. The apparatus installed must be such as will convey warmth to every corner of the office, department, or shop. For the small shop or office the open fire looks cheerful, but is rather wasteful, while its range is limited. Stoves are more economical, but have to be placed in the centre of the room to ensure warmth in all parts, which is not always practicable, and apart from this, their appearance is unsightly in this position. Factories are often heated by means of steam pipes, running under the floor, or alongside the walls just above the floor. When the former method is employed, gratings are placed over the pipes to permit the heat to rise, but these must be kept free from obstruction, otherwise the purpose will be defeated. In some factories a hot-air system is installed. The heated air travels along overhead chutes, and escapes through openings made at given distances, so that the departments below are very effectively warmed. There is one system of combined heating and ventilating, warm fresh air being circulated by means of fans. In the hot weather this system can be used for ventilating purposes only.

HEAVY LOCOMOTIVES ON HIGHWAYS.—"Locomotive" means a locomotive propelled by steam or by power other than animal. Under the Locomotive Act, 1861, it is unlawful for the owner or driver of any heavy locomotive to drive it over any suspension bridge, or over any bridge on which a conspicuous notice has been placed, by the authority or persons liable for the repair of the bridge, that the bridge is insufficient to carry weights beyond the ordinary traffic of the district, without previously obtaining consent. This provision does not apply to light locomotives or motor cars (*q.v.*). In the Locomotives Act of 1898 (Sec. 6), there is a further power to prohibit, restrict, or regulate by by-laws the use of locomotives on any highway or bridge. All damage caused to bridges by locomotives must be made good by the owners of the locomotives. The weight of every locomotive, and the name and residence of the owner thereof, must be conspicuously and legibly affixed thereon, under a penalty of £2. If the user of a locomotive on a highway damages the road to such an extent as to cause a public nuisance, the owner may be restrained by injunction. Every locomotive on a highway must be worked according to the following rules and regulations, viz.—

(1) Two persons must be employed in driving or attending to the locomotive.

(2) In the case of any locomotive not being a steam roller, another person must be employed to accompany the locomotive in such a manner as to be able to give assistance to any person with horses or carriages drawn by horses meeting or overtaking the locomotive, and must give assistance when required.

(3) When a locomotive is drawing more than three wagons, another person must be employed for the purpose of attending to the wagons; but it is not necessary in the case of two locomotive plough engines (including their necessary gear) closely following one another to employ more than five persons in all; but one of these persons must be employed to accompany the engines and give assistance in manner thereby required.

(4) So long as the fires of a locomotive are alight,

or the locomotive contains in itself sufficient motive power to move it, one person must remain in attendance whilst it is on any highway, although it is stationary.

(5) The drivers must give as much space as possible for the passing of other traffic.

(6) The whistle of such locomotive must not be sounded for any purpose whatever, nor must the cylinder taps be opened without any person riding, driving, leading, or in charge of a horse upon the road, nor must the steam be allowed to attain a pressure such as to exceed the limit fixed by the safety valve, so that no steam is blown off, when the locomotive is upon the road.

(7) Every such locomotive must be instantly stopped on the person preceding the same, or any other person with a horse or carriage, putting up his hand as a signal to require such locomotive to be stopped.

(8) Any person in charge of any such locomotive must provide two efficient lights to be affixed conspicuously, one at each side on the front of the same.

(9) The lights required to be carried on a locomotive, whether stationary or passing on any highway, must be carried between the hours of one hour after sunset and one hour before sunrise during the six months beginning the first day of April in any year, and between sunset and sunrise during the six months beginning the first day of October in any year, and there must be carried, in addition, during those hours, an efficient red light on the rear of the locomotive, or, if it is drawing wagons, on the rear of the last wagon, fixed in such a manner as to be conspicuous.

(10) Every light carried on a locomotive, or on a wagon drawn by a locomotive, must be fitted with such shutters or other contrivances as will enable the light to be temporarily screened in an effective manner.

(11) In the event of a non-compliance with any of the above provisions, the owner of the locomotive is, on summary conviction before two justices, liable to a penalty of £10.

Under Section 28 of the Highways and Locomotives (Amendment) Act, 1878, a locomotive not drawing any carriage, and not exceeding in weight 3 tons, must have the tyres of the wheels thereof not less than 3 in. in width, with an additional inch for every ton or fraction of a ton above the first 3 tons. A locomotive drawing any wagon or carriage must have the tyres of the driving wheels thereof not less than 2 in. in width for every ton in weight of the locomotive, unless the diameter of such wheels exceed 5 ft., when the width of the tyres may be reduced in the same proportion as the diameter of the wheels is increased, but in such case the width of the tyres must not be less than 14 in. A locomotive must not exceed 9 ft. in width or 14 tons in weight, except under certain circumstances. The driving wheels of a locomotive must be cylindrical and smooth-soled, or shod with diagonal cross-bars of not less than 3 in. in width nor more than three-quarters of an inch in thickness, extending the full breadth of the tyre, and the space intervening between each such cross-bar must not exceed 3 in. A local authority may give permission to any person owning a locomotive exceeding 9 ft. in width or 14 tons in weight to use it on any highway within their district.

Section 4 of the Locomotive Act, 1861, provides that any wagon, wain, cart, or other carriage drawn

or propelled by a locomotive, not having cylindrical wheels, must not carry any greater weight than is permitted in such wagon, cart, etc., by the General Turnpike Act, and any wagon, wain, cart, or other carriage having cylindrical wheels must not carry over or above the weight of the wagon, etc., any greater weight than $1\frac{1}{2}$ tons for each pair of wheels, unless the felles, tyres, or shoes are 4 in. or more in breadth, nor carry a greater weight than 2 tons for each pair of wheels, unless the felles, tyres, or shoes are 6 in. or more in breadth, nor carry a greater weight than 3 tons for each pair of wheels, unless the felles, tyres, or shoes are 8 in. or more in breadth, and for every single wheel one-half of that permitted to be carried on a pair of wheels; nor in any case is it lawful to carry a greater weight than 4 tons on each pair of wheels, or 2 tons on each wheel. But if such wagons, etc., are built and constructed with springs upon each axle, then they are allowed to carry one-sixth more in weight, in addition to the above-mentioned weights, upon each pair of wheels.

The council of a municipal borough as regards any highway situated in the borough, and the county council as regards any highway situated in the county, but not in a borough, may permit any wagons, drawn or propelled by a locomotive, on the highway to carry weights in excess of those mentioned in Section 4 of the Locomotive Act, 1861. The weight mentioned in Section 4 of the Act of 1861 does not extend to any wagon carrying one block, plate, cable, roll, vessel of stone or metal, or other single article, being of greater weight than 16 tons, but the felles, tyres, or shoes of such wagon must not be less than 8 in. in breadth, and any damage arising from the use of any such wagon must be deemed to be damage caused by excessive weight.

The weight unloaded of every wagon drawn or propelled by a locomotive must be conspicuously and legibly affixed thereon under a penalty of £5. A locomotive must not be used on any highway to draw more than three loaded wagons (exclusive of any wagon solely used for carrying water for the locomotive) without the consent of the borough or county council, as the case may be. The council of a county and of any borough may by by-law (a) prohibit or restrict the use of locomotives on any specified highway, (b) regulate the use of locomotives and of wagons on any highway; and (c) prohibit or restrict the use of a locomotive on any specified bridge.

Every locomotive used on any highway must be constructed on the principle of consuming its own smoke; and any person using any locomotive not so constructed, or not consuming, so far as practicable, its own smoke, is liable to a fine of £5 for every day the locomotive is used on any highway. Locomotives must not meet on a bridge. Every locomotive must be licensed by a county council, but this does not apply to any agricultural locomotive, to any locomotive not used for haulage purposes, to any steam-roller, or to any locomotive belonging to a road authority when used by them within their district. The licence must be taken out in the county in which the locomotive is at the time ordinarily used, or to be used, and remains in force for one year from the date on which it is granted and no longer. The cost of the licence is not to exceed £10 if the weight of the locomotive (exclusive of water and coal) is not more than 10 tons, with an addition not exceeding £2 for every ton or

fraction of a ton by which that weight exceeds 10 tons in the case of a locomotive exceeding that weight. The council of the county must on the grant of a licence provide the person with a licence plate, having marked upon it the date and number of the licence and the name of the council by which it is granted. The licence plate must be fixed in a conspicuous position to the locomotive, and must not be removed, whilst the licence is in force, without the consent of the council. A licence may, with the consent of the council by which it has been granted, be transferred from one locomotive to another locomotive belonging to the same owner.

Where a locomotive is licensed in any county, an additional licence may be taken out in any other county in the same manner; but such additional licence expires on the same date as the original licence, and the cost of the additional licence is £5 where the locomotive does not weigh more than 10 tons and £1 for every ton or fraction of a ton exceeding 10 tons. A locomotive must not be used on any highway in any county in which it is not licensed, except on payment to the council of the county of a fee not exceeding 2s. 6d. for each day on which it is used. The penalty for a breach of any of the above provisions is a fine not exceeding £10. This licence is granted to the locomotive—not to its owner. It, therefore, passes with the locomotive and continues in force during the year, notwithstanding any number of changes in ownership.

All locomotives not required to be licensed (i.e., any agricultural locomotive, any locomotive not used for haulage purposes, any steam-roller, and any locomotive belonging to a road authority when used by them within their district) must be registered in the county in which they are ordinarily used, or to be used, in such manner as the county council may direct, and the fees for registration must not exceed 2s. 6d.; but this provision as to registration does not apply in the case of the use by any road authority of steam-rollers belonging to them within their district. If a steam-roller is used outside the district of the road authority, it must be registered.

Where, by a certificate of their surveyor, it appears to a road authority that, having regard to the average expenses of repairing highways in the neighbourhood, extraordinary expenses have been incurred by such authority in repairing such highway by reason of the damage caused by excessive weight passing along the same, or extraordinary traffic thereon, such authority may recover from any person by whose order such weight or traffic has been conducted the amount of such expenses as may be proved, to the satisfaction of the court, to have been incurred by such authority by reason of the damage, provided that any person against whom expenses are, or may be recoverable, may enter into an agreement with such authority for payment to them of a composition in respect of such weight or traffic. Expenses may be recovered, if not exceeding £250, in the county court, and, if exceeding that sum, in the High Court. Proceedings must be commenced within twelve months of the time at which the damage has been done, or, where the damage is the consequence of any particular building contract or work extending over a long period, they must be commenced not later than six months after the completion of the contract or work.

Where an offence under any Act or by-law

relating to locomotives on highways, for which the owner of a locomotive or wagon is liable to a penalty, has, in fact, been committed by some servant, workman, or other person, that servant, etc., is liable to the same penalty as if he were the owner. Where the owner is charged with any offence, he is entitled, upon information duly laid by him, to have any other person whom he charges as the actual offender brought before the court at the time appointed for hearing the charge, and if the owner proves to the satisfaction of the court that he had used due diligence to enforce the law, and that the other person had committed the offence without the owner's knowledge, consent, or connivance, that other person shall be summarily convicted and the owner shall be exempt from any fine.

HEAVY STOCK.—The stock of those railways which have a heavy goods traffic.

HECTARE.—(See METRIC SYSTEM.)

HEDGES, DITCHES, AND FENCES.—Owing to the law as regards trespass, especially seeing that a man is responsible for the trespass of his own cattle, it is a matter of importance to know who is the owner, and upon whom falls the obligation of repairing hedges and fences, which form the dividing lines between adjacent properties. Generally, there is no difficulty as to settling the ownership, as the property in the hedge or the fence, as the case may be, resides in the owner of the soil upon which it stands. The case is not always so easy when a ditch is in question.

In country districts, as well as in urban districts, where there are two fields or gardens adjoining, and there is a separation by means of a hedge and a ditch, the ownership of the hedge is in that person in whose field the ditch is not. Also, the ownership of the ditch is, *prima facie*, in the person who is owner of the hedge. But if there are two ditches, one on each side of the hedge, or if there is no ditch at all, the ownership of the hedge must be proved by showing what rights have been exercised by the parties in the past. For example, if one owner has regularly pruned and kept the hedge in proper condition for, say, twenty years, he will be proved to have a prescriptive right to the hedge. And the same is true with regard to a fence, and there is no difference in the law as to the ownership of a ditch, whether there is a fence or a hedge.

It has been stated above that where there is no ditch, the ownership of the fence or hedge must be shown by independent evidence. But if it is exactly on the boundary line, the question of ownership, and, consequently, the responsibility for repair, is decided by proof of acts of ownership on the part of either of the adjoining occupiers of the land.

The statement of the conclusion of law as to the ownership of a ditch, noticed above, is somewhat curious at first sight. The rule is said to have arisen as follows: A man cannot interfere with land or commit a trespass upon it when he is not the owner. If, then, there is a ditch, it is presumed that the digger of the same was upon his own land and threw up the excavated earth upon his own field where the hedge was made. This is, of course, a legal presumption, but it is capable of being rebutted. After twenty years, however, a prescriptive title is gained, and no question can then arise as to hedges and ditches which have been so long in existence.

It is always the occupier and not the owner who must repair fences in the absence of any agreement

to the contrary, and he is responsible for any damage which may arise through his negligence. It is not in every case that a badly kept fence will give rise to a right of action at law. The test seems to be this: Is the fence a nuisance? And even then the whole circumstances of the case must be carefully considered, especially if any injury that arises happens to infants.

A good illustration is supplied by the case of *Harrold v. Watney*, 1898, 2 Q B 320, and the note on the same is thus given in *Shirley's Leading Cases*: "The plaintiff, a boy of the age of four years, while passing along a highway, climbed upon a fence situate upon the defendant's adjoining field and separating it from the highway, for the purpose of looking at other boys at play on the further side of the fence, and not for the purpose of climbing over it. The fence, which was so defective as to constitute a nuisance, fell upon the plaintiff and injured him. In an action to recover damages for the injury, the Court of Appeal held that, as the plaintiff in climbing upon the fence was merely indulging the natural instinct of a boy of his age, and doing an act which the defendant ought to have contemplated as likely to be done by children using the highway, the defendant was not entitled to avail himself of the defence that the injury was caused by the plaintiff's own act, and that the plaintiff was consequently entitled to recover."

HEIR.—The heir, or heir-at-law is the term used to designate the person who was formerly entitled to succeed to real estate on the death of the owner intestate. Real property has now been brought into line with personality, and the term has only a popular significance. It is still properly used in connection with the succession to peerages and the like.

HEIRLOOMS.—Strictly speaking, these are the personal chattels which formerly passed on the death of the owner to the heir and not to the personal representative of the deceased. Since real property is now part of the estate of an intestate passing to the personal representative on trust for sale, heirlooms will also pass. They retain their significance when they are settled along with the manor house, but they can be sold under the Settled Lands Act, 1925.

HEKTOGRAPH.—(See DUPLICATING.)

"HELD OVER."—This is an expression sometimes used in connection with cheques which are received by a banker after the daily exchange has been made. Such cheques are said to be "held over" to the following day. There is no holding over when a banker receives late in the day cheques drawn upon his own bank. They should be either paid or dishonoured on the day of receipt.

HEMP.—The *Cannabis sativa*, a plant of West and Central Asia, but now extensively cultivated in Russia, Germany, Italy, and the United States. It is also grown in the Midlands, but the British variety lacks the resinous secretion from which the popular Indian narcotic is obtained. (See BHANG.) Hemp is mainly important on account of its fibre, which is obtained by steeping the bark in water, and is used for rope, cordage, sailcloth, etc. Italian hemp is white, with very long fibres, and is the chief variety used for strong cordage and carpet yarns. Russian hemp, softer and coarser in character, is less used than in former years. Hemp seed is a favourite food for birds. It also yields an illuminating oil used by Russian peasants, and of value in the manufacture of soaps, paints, and varnishes. The

residue is employed as fodder. The term hemp is used also for many fibres employed in the making of ropes, and include manilla from a species of banana, and sisal or henquen from an agave.

HENNA.—A small shrub cultivated in the East for the sake of the pigment obtained from its leaves, which is used to stain the finger-tips and the beard. Turkey imports large quantities from Persia and Egypt. In Germany the dye is employed to impart a reddish-yellow colour to skins and leather.

HEREDITAMENT.—A hereditament, or heritable property, is real or other property which formerly descended to the heir (*q.v.*). If the word is used in a conveyance, it is sufficient, in English law, to pass almost any kind of real property.

HERIOT.—The fine in kind payable by a copyholder to the lord of the manor on the death of his predecessor in title. Copyholds having been abolished, all the incidents will gradually disappear. Heriots are now commuted for by a money payment.

HERITABLE BOND.—In Scotland, this is a bond given by a debtor for a sum of money, which includes a conveyance of land, to be held by the creditor as security for the money.

HERRING.—A small fish of the same family as the anchovy. It is found in the North Atlantic and North Pacific Oceans, but is most abundant off the coasts of Great Britain, Norway, and Newfoundland. The shoals appear at Wick in May, and gradually move southwards, Grimsby and Yarmouth being the chief English centres of the fishery, while Stornoway, Wick, Fraserburgh, Peterhead, and Aberdeen are the principal Scotch towns engaged. Herrings are cured in various ways, being smoked, salted, or kipped. There is an export trade from Britain to Germany and Russia.

HIDES.—The skins of large animals used for the manufacture of leather. The imported hides are salted and dried. In Europe the chief producing countries are Russia, Holland, Belgium, and Italy. Cow hides are chiefly imported from Australia and from South America, which also supplies horse hides, while buffalo hides are sent from India. Heavy hides also come from Africa, as well as the goat and kid skins, which are imported from the Cape. Skins dressed with the hair on are more correctly classified as furs.

HIGH BAILIFF.—This is the chief officer of the county court, appointed under the County Court Act, 1924, to attend the sittings of the court, and by himself, or by the bailiffs (*q.v.*), appointed to assist him, to serve all summonses and orders, and execute all warrants, precepts, and writs of the court, with certain exceptions provided by the Acts governing County Courts. By the County Court Act, 1924, the high bailiff must in future be the registrar of the court, who is to be a solicitor of not less than seven years standing.

HIGH COURT.—The High Court of Justice, so-called, primarily, to distinguish it from the county court, consists of three divisions. (1) The Chancery Division, (2) the King's Bench Division, and (3) the Probate, Divorce, and Admiralty Division. As originally created there were six judges of the Chancery Division, fifteen judges and the Lord Chief Justice of the King's Bench Division, and two judges, one of whom is the President, of the Probate, Divorce, and Admiralty Division. The number of the judges in the various divisions has been changed from time to time as occasion has demanded, and in the case of the Probate, Divorce, and Admiralty for example, there are now three judges. The Lord

Chief Justice and the President of the Probate, etc., Division, are *ex officio* members also of the Court of Appeal, and the Lord Chancellor may at any time call upon any of the other judges—the *puisne* judges—to sit in the Court of Appeal, if he thinks it necessary to do so for the more speedy administration of justice, and, similarly, the Lord Justices of Appeal may be called upon to assist in the lower courts.

Although the High Court has jurisdiction over all matters, a litigant must not rush too hastily into litigation there, as the various county courts have been invested in recent times with increased jurisdiction—extending, since 1905, to £100 in many cases—and a person who chooses the High Court when he might have proceeded in a county court runs the risk of being involved in a heavy loss as to costs, unless he can obtain a certificate from the High Court judge before whom his case is tried that his action was one which was fit to be brought in the High Court instead of the county court. There have been proposals for some years to increase the county court jurisdiction still further, but whether any further changes in this direction will take place is extremely doubtful.

The division of the High Court in which proceedings are to be taken depends upon the nature of the matter in dispute. Many matters connected with shipping, such as salvage, bottomry, and the mortgage of ships must be dealt with in the Admiralty Division, and it is to this division that all matters connected with divorce and the proving of wills are referred.

To the Chancery Division the following kinds of actions are specially assigned: (1) The administration of the estates of deceased persons, (2) the dissolution of partnerships and the taking of partnership and other accounts, (3) mortgages, with all questions relating to redemption and foreclosure, (4) the raising of portions and other charges on land; (5) the sale and distribution of property subject to any lien or charge, (6) trusts, charitable and private, and their administration, (7) the rectification of deeds, together with the setting aside and cancellation of written documents, (8) the specific performance of contracts relating to landed property, (9) the partition and sale of estates; (10) the guardianship of infants and the care of their estates. When a case is set down in the Chancery Division it is assigned to a special judge according to rotation. This is to prevent any suitor choosing his own judge for any particular reason. The bulk of cases, however, which arise out of contract and tort are taken in the King's Bench Division, and if they are commenced in any other division they may be transferred there. For a certain class of commercial cases a separate court, called the Commercial Court, which is one of the King's Bench Division, has been established.

As to procedure in general, see ACTION, and as to appeals from the High Court, see APPEAL.

HIGH SEAS.—The expression "high seas," when used with reference to the jurisdiction of the Court of Admiralty, includes all oceans, seas, bays, channels, rivers, creeks, and waters below low-water mark, and where great ships could go, with the exception only of such parts of such oceans, etc., as were within the body of some county. "A foreign or colonial port, if it was part of the high seas in the above sense, e.g., Alexandria and Algiers, would be as much within the jurisdiction of the Admiralty as any other part of the high seas. The

jurisdiction, however, is necessarily limited in its application. It can be exercised over persons or ships only when they come to this country. An artificial basin or dock excavated out of land, but into which water from the high seas could be made to flow, would not be in any sense part of the high seas, whether such basin or dock was in this country or in any other" (per Lord Justice Lindley in *The Mecca*, 1895, P. 95). It was held by the Federal Courts of the United States that the Great Lakes are not high seas, and that these words have been used from time immemorial to designate the ocean below low-water mark, and have rarely, if ever, been applied to interior or land-locked waters of any kind; but the Supreme Court of the United States has held otherwise (150 U.S. 249), saying that this term is also applicable to the open, unenclosed waters of the Great Lakes.

HIGHWAYS AND HIGHWAY AUTHORITIES.

—A highway authority is a public body which is entrusted with the charge of roads and ways over which all members of the public have a right to pass to and fro, and which has common law or statutory powers and responsibilities of maintaining them for the public benefit.

There are two kinds of highways—(1) *Ordinary highways*, (2) *main roads*; and there is a division of the highway authorities corresponding to them. Thus the authority for ordinary highways within a borough is the county borough or the borough council, and within other urban or rural districts the district council. For the main roads, the authority in a county borough or borough is the borough council, and outside their areas the county council.

The distinction between the two classes of highways has existed only since 1878, and is entirely statutory. Main roads are (a) those originally turnpike roads, (b) any road declared by the county council to be a main road, (c) every road constructed by a county council out of an advance made to it by the Road Board under the Development and Road Improvement Funds Act, 1909 (9 Edw VII c 47). Any road which has ceased to be a turnpike road since 1878 is a main road, and any which so ceased between 1870 and 1878 is a main road, unless it has been declared to be an ordinary highway by an order of the Ministry of Transport. Of all these main roads and bridges, except those within the area of the boroughs, the county councils are the highway authorities.

The most primitive and simplest of highway authorities was the common law parish, with its vestry, which appointed a surveyor of highways. It had a liability to keep the roads in repair, and if it failed it could be indicted, and though there are various other remedies under modern Acts against the authorities liable to repair, resort to indictment still remains available. By the time of the Highway Act, 1835 (5 and 6 Will c 50), in very many cases, the liability had passed by custom or arrangement to almost every possible kind of area or place, each of which was a highway authority. Thus in the Highway Act, 1835, "parish" includes any township, tithing, rape, vill, wapentake, division, city borough, liberty, market town, franchise, hamlet, precinct, chapelry, or other place or district maintaining its own highways. Each such place was made by the Act a highway parish, and the vestry and its surveyor, or any meeting equivalent to the vestry which appointed its surveyor, was given a constitution by the Act, and the powers of

the surveyor were defined and the law of highways improved. Some thirty years later, highway districts, with highway boards, began to be formed out of the highway parishes under power given to quarter sessions by several Highway Acts. This was a useful simplification of highway authorities; but, in 1875, the Local Government Act (38 and 39 Vict c 55) transferred to the newly-created urban sanitary district the powers and liabilities of the surveyors and the vestries. Three years later, by the Highways and Locomotives Act, 1878 (41 and 42 Vict c 77), the rural sanitary districts whose area coincided with any highway districts were enabled to take over the highway boards under orders from the justices. The guardians of the poor were the rural sanitary authorities, and they seldom availed themselves of the power conferred on them. But in 1894, by the Local Government Act (56 and 57 Vict c 73), the rural sanitary districts were superseded by the rural district councils, who became the highway authorities for their districts, and the highway parishes and boards ceased to exist. Thus the authorities for ordinary highways became the district councils, and for main roads the county councils.

1 **District Councils.** Every district council has now, under the Local Government Act, 1894, the powers, duties, and liabilities as to highways of the surveyor appointed by the vestry under the Highway Act, 1835, and of the vestry itself, as well as whatever powers were conferred upon urban sanitary authorities by certain Sections (144-148) of the Public Health Act, 1875. There are also additional powers as to highways possessed by urban district councils under the same Act, which, by an Order of the Ministry of Transport, may be conferred upon rural district councils. The protection of rights-of-way and of roadside wastes is a public duty specially laid on the district councils. For the concurrent part played in performing this duty by the parish councils, see title PARISH COUNCILS, but parish councils are not, properly speaking, highway authorities.

2. **County Councils.** By the Local Government Act, 1888, the main roads and county bridges in a county are vested in the county council, and must be maintained and repaired by it, unless the urban district council elects to retain any of them under its control. The county council either maintains and repairs the roads and bridges itself, or it may impose the duty on the council in whose district they lie, paying the cost as settled by agreement or arbitration. Where the urban district council retains a main road, it becomes, as we have before mentioned, an ordinary highway, and the county council pays an annual contribution, which is either agreed or settled by the Ministry of Transport. Where a main road ought to be repaired by a district council, the county council may require it to be repaired, and if this is not done, it may do the repairs itself, and recover the cost. There are cases in which there is an obligation of repairing bridges in some local district, as a hundred; and the county council has the duty of securing the proper observance of this obligation. It may enter into agreements with any district council as to making, improving, or freeing from tolls main roads or bridges, wholly or partly within its district. Also it may contribute to maintaining, repairing, enlarging, and improving any highway or public footpath in the county, though it is not a main road, and it may purchase or take over

bridges not county bridges, and erect new bridges, and maintain, repair, and improve them. The costs for all these purposes are chargeable to the general county account.

HINDE PALMER'S ACT.—This was an Act of Parliament, passed in 1869, which came into force in 1870, under which the priority which specialty debts (*q v*) formerly enjoyed over simple contract debts in the case of the administration of the estate of a deceased person was abolished. The Act is repealed by the Administration of Estates Act, 1925 (See *ADMINISTRATION OF ASSETS*.)

HIRE.—This term signifies—

- (1) Wages for service, or
- (2) The price paid for the temporary use of anything

HIRE-PURCHASE.—A hire-purchase agreement generally consists of the following six elements: (1) an agreement by the owner of the chattels to let them on hire to the hirer, (2) an agreement by the hirer to hire them with the right ultimately to buy them at a fixed price payable by agreed instalments; (3) an agreement by the hirer to pay the purchase price by instalments, which instalments are regarded merely as payments for the hire of the chattels in the event of the purchase not being completed, (4) a provision that, on payment of the agreed purchase price, the chattels become the property of the hirer, and until such payment, they remain the property of the original owner; (5) a provision that if the hirer makes default in punctual payment of any of the agreed instalments, or commits any other breach of the hiring agreement, or becomes bankrupt, etc., the owner may seize and re-take possession of the chattels, and put an end to the hire-purchase agreement and retain for himself all moneys received up-to-date, and (6) provisions for the protection and maintenance of the subject-matter of the agreement, e.g., an undertaking by the hirer at his own expense to keep the chattels insured against damage by fire, and to keep and maintain them in good repair and condition.

The above are the usual elements, but, as the name "hire-purchase" implies, the only essential elements are an agreement to hire, coupled with the right to purchase under certain conditions. The hirer is under no obligation to purchase, but he has the right to purchase if certain conditions are complied with, and the owner is under an obligation to sell. A very large amount of business is transacted by means of hire-purchase agreements, especially in the supply of furniture and machinery, but besides being used for the hire and purchase of goods, they are often used as a method of borrowing on security, and questions frequently arise whether a hire-purchase agreement is not a bill of sale and subject to the statutory restrictions of a bill of sale. A document which is a hire-purchase agreement and nothing else is not within the Bills of Sale Acts at all. The title of the original owner to the chattels does not depend on the hiring agreement—he must have had a title to the goods before he purported to agree to let them out or sell them. It is only when the owner of the goods has to rely on the alleged hiring agreement as proving his title that the alleged hiring agreement may be held in law to be a bill of sale.

According to the definition clause in the Bills of Sale Acts, the expression "bill of sale" includes licences to take possession of personal chattels as security for any debt, and since there is generally a clause in a hire-purchase agreement empowering

the owner to seize and re-take possession of the chattels on default by the hirer in paying the instalments and in certain other events, it is often contended that a hire-purchase agreement is a bill of sale and void because it is not registered, and is not in the form required by the Act of 1882. Thus, if A is the owner of certain furniture and requires a loan of £150 from B, but is unwilling to give B a bill of sale, he would purport to sell his furniture to B for £150, and thereupon B would pay A the £150 and at the same time agree to let out the furniture to A on the hire-purchase system, say, at four quarterly payments of £50, so that on payment of the fourth quarterly instalment (£200 in all), the furniture is to become A's property, and until payment of the whole £200 it remains B's property. In a case of this kind it is for the court or jury to decide what is the true bargain between the parties—if the real transaction is a loan upon security and the alleged hiring agreement contains a licence to seize the chattels in default of punctual payment of any instalment as it becomes due, the document is a bill of sale and void in respect of the chattels contained therein, by Sec 8 of the Act of 1882, if not registered as a bill of sale, and if the agreement is not in the form of the Act of 1882, it is void altogether (see Sec 9 of the Act of 1882). But although many hire-purchase agreements are mere devices for loans upon security, where the fact is clearly established that the transaction is one of hire-purchase only, no registration or compliance with any statutory form is necessary. Thus, if A really intended to sell his furniture outright to B for £150, and B paid A the £150 and asked A to allow the furniture to remain on A's premises for a fortnight until he could make arrangements for disposing of it, and if before the expiration of the fortnight A offered to re-purchase the furniture of B for £200, provided he would allow him to pay for it by four quarterly instalments of £50 each, and make use of it in the meantime, the latter arrangement would be purely a hire-purchase agreement and perfectly valid. Several other devices have been adopted to carry out a loan on security without a registered bill of sale by means of a hire-purchase agreement, e.g., a landlord distrains on A's furniture for £100 arrears of rent and sells, B buys it for £100, and lets it out on a hire-purchase agreement to A—if the transaction really was that B lent A £100 on the security of his furniture to enable him to pay his rent, the hire-purchase agreement is void as against a judgment creditor of A—in other words, a judgment creditor of A could seize the furniture in execution, although as between A and B the furniture is said to belong to B. If, again, A wants to buy some goods for £500 and has no money to pay for them, and wishes to borrow the money from B, who refuses to lend except upon security, and thereupon an arrangement is made that B will buy and pay for the goods in his own name, and let them out on a hire-purchase agreement to A, the court would hold that the true nature of the transaction was a loan to A on the security of the goods included in the hire-purchase agreement, and the agreement to be valid would require registration, and must be in the statutory form of, a bill of sale.

If a hire-purchase agreement does not contain a clause declaring that the goods belong to the original owner until payment of the final instalment, but gives the original owner power to seize and take possession of the goods on default in payment of any instalment, the document would be a bill of

sale and require registration. In the absence of the above provision, the property in the goods would pass to the purchaser on delivery, and he would merely owe the instalments as they become due, and the licence to seize would be a licence to take possession of personal chattels as a security for a debt within the express words of Section 4 of the Bills of Sale Act, 1878.

It is very important also to have a clause in the hire-purchase agreement giving the hirer the option to determine the hiring at any moment, and providing that he is under no further liability to pay anything after the then current instalment. In the absence of a clause to this effect, the hirer would be regarded as a purchaser of the chattels, and he would also, by virtue of the Factors Acts, be able to give a good title, if he sold or pledged them, to a *bona fide* purchaser or pledgee, so that the original owner would not be able to recover them, and his sole remedy would be under the hire-purchase agreement against the hirer. The importance of this clause is very clearly shown by a comparison between the two leading cases on hire-purchase agreement, viz., *Lee v Butler*, 1893, 2 Q B 318, and *Halby v. Matthews*, 1895, A C. 471.

When the hirer of goods becomes bankrupt, the question often arises whether they still belong to the original owner or can be claimed by the bankrupt's trustee. By the Bankruptcy Act the trustee is entitled to all goods which at the commencement of the bankruptcy are in the possession, order, or disposition of the bankrupt by the consent and permission of the true owner under such circumstances that he is the reputed owner thereof. The goods above referred to are limited to goods for the purpose of or connected with the purposes of the bankrupt's trade or business. When, therefore, a trader becomes bankrupt and he has in his possession goods in the way of his trade bought under a hire-purchase agreement, they become the property of the trustee in bankruptcy. There are, however, several well-known exceptions to this rule. Where there is a general well-known custom of letting out goods on hire, this doctrine of reputed ownership does not apply. Thus it is quite usual for hotels to be provided with furniture on the hire-purchase system, and if the proprietor became bankrupt his trustee could not claim the furniture for the creditors if the fact was that, according to the agreement between the proprietor and the vendor of the furniture, the furniture was to remain the property of the vendor until payment of the last of the instalments of the purchase price. Similarly, in the case of printing machinery let out on hire to a printer or a gas engine let out to a factory. Chattels let out on hire are liable to be seized under a distress by the landlord against the hirer, and the Law of Distress Amendment Act, 1908, though it protects to a large extent the goods of strangers, makes no alteration in the old law where the goods are hired by the tenant, but if they are hired by a person who is not the tenant of the premises distrained upon, they are now protected from seizure. Where the hirer has paid nearly all the instalments, and very little more has to be paid before he becomes the owner of the chattels, his beneficial interest under the hiring agreement may be of some value, and if an execution is levied against the hirer, the sheriff is at liberty to sell the interest of the hirer and give a good title to the purchaser, unless there is some express provision in the hire-purchase agreement which takes away this right. To safeguard the

original owner, it is customary to insert a clause in the hire-purchase agreement, giving him power to seize and re-take possession of the goods let on hire in the event of execution or distress being levied against the hirer, or in the event of the hirer attempting to sell or dispose of the goods entrusted to him. But if the landlord distrains before the owner re-takes possession, the title of the landlord is superior to that of the true owner, provided that the hirer is distrained upon as the tenant of the landlord. If the hirer is not the tenant against whom the distress is being levied, the hired goods, though on the premises distrained upon, cannot be seized by the landlord. In the case of an execution against the hirer, the sheriff cannot sell the hired goods, for until the payment of the final instalment they belong to the original owner, but, as explained above, where the terms of the hiring agreement do not prevent it, he can sell the beneficial interest of the hirer in the hired goods, e.g., where ten out of twelve instalments have been paid, he can sell the goods subject to the liability of paying the two last instalments. If the hirer of goods, before he has paid the final instalment, purports to sell them, or employs an auctioneer to sell them, the original owner (provided the agreement stipulates that the goods remain the property of the original owner until payment of the final instalment, and that the hirer has the option of determining the hiring agreement at any time) is entitled to recover the value of the goods from the purchaser or auctioneer as damages for conversion, if they are not returned to him on demand. In the same way, if the goods are pledged, the true owner can obtain the value of them from the pledgee, although the latter took them in good faith and without notice.

The owner of goods let out on hire may assign his interest in them, and after the assignee has given notice of the assignment to the hirer, the assignee can enforce from the hirer payment of the instalments as they become due, but if, as is usual, the hiring agreement contains a licence to seize the goods in default of punctual payment of the instalments, this licence to seize cannot be assigned. Sometimes the goods let out on hire, e.g., a gas-engine, or trade machinery, partake of the nature of fixtures and consequently become subject to the law applicable to fixtures. Fixtures are movable articles fixed to the ground or soil, or to a house or other building. It is usual for trade machinery, when let out on hire, to be attached to the building by screws and bolts, or inserted into the ground, so as to make it firm and steady, with the result that it becomes what the law knows as a fixture, and if the land and building which contains the hired machinery is mortgaged by the hirer, the mortgagee is entitled to the machinery as against the original owner. Whether a chattel is a fixture or not is a question of fact, and depends on the special circumstances of each case. Where a large number of chairs were let out on the hire-purchase system to be used in a hippodrome, and in consequence of the regulations of the local authority they were screwed down to the floor, it was held that they did not become fixtures, and the mortgagee of the building and fixtures was not entitled to them as against the original owner.

In order to obviate risks of this kind, it is desirable to insert in hire-purchase agreements of chattels which may become fixtures a declaration that the premises in which the chattels are to be placed are free from any mortgage, incumbrance, or charge, and an undertaking by the hirer to give, say,

one month's notice of his intention to mortgage, and that on receipt of such notice the owners are to have the right to determine the hiring.

The stamp duty for hire-purchase agreements simply under hand is 6d. When under seal, the stamp duty is, as in the case of a deed, 10s. These duties were first imposed by the Finance Act, 1907.

HIRE.—The person who hires anything

HIRE.—A small haven

HOARDINGS, ADVERTISEMENT.—Hoardings have been aptly described as the poor man's picture gallery. Certainly many of them have presented to the man in the street masterpieces of art and gems of advertising literature. Before arranging the details of any scheme which involves the use of hoardings, it is essential for the advertiser to find out from the local authority concerned whether there are any restrictions in regard to their use. The Advertisements Regulation Act, 1907, imposed on local authorities the duty of protecting scenery and preserving to the public use some of the beautiful landscapes. Any local authority may make by-laws for the regulation and control of hoardings used for advertising when they exceed 12 ft in length, and for regulating and restricting the exhibition of advertisements in such places and in such manner as to affect injuriously the amenities of a public park or pleasure ground, or to disfigure the natural beauty of a landscape. Local authorities also have the right to inspect any hoarding or advertising device overlooking a public thoroughfare to ensure that it is properly secured. By an Act of 1925 the court can order the removal not only of the advertisement but also of any structure erected or intended for advertisement purposes.

Advertisement hoardings are usually owned by large contractors, and the advertiser, having prepared his poster (see POSTERS), should give notice to the particular contractor that space will be required for the exhibition of the advertisement. Most advertisers employ a service house experienced in controlling the allotment of space on hoardings. Those selecting the method of direct dealing with the billposter are few. The service house undertakes the placing of the posters to the best advantage, inspection of hoardings, and general oversight of advertising in this form.

HOOK.—A light, white, Rhine wine, either still or sparkling, sweet or dry. It owes its name to Hochheim, one of the important centres of wine manufacture in the Rhine district.

HOGSHEAD.—This word was employed formerly to denote a measure of capacity, but as all liquid measurements are now made in gallons, it has lost its former significance, and it is used to designate any large cask. The hogshead, in wine measure, contains 63 gallons, while in beer and ale measure there are only 54 gallons. In the United States it is still used as a measure for liquids, equal to 63 gallons. A hogshead of tobacco varies in different States from about 750 to 1,200 lbs. The word is supposed to mean ox-head, not hogshead.

HOISTS.—(See MECHANICAL HANDLING OF GOODS.)

HOLD.—The hollow interior of a ship which is used for the storage of cargo.

HOLDER (OF BILL OF EXCHANGE).—The primary and obvious meaning of this term is the person into whose possession a bill of exchange (and, of course, this includes a cheque or a promissory note) falls. The holder may be the payee, an indorser, or the bearer.

There are three kinds of holders to be distinguished: (1) The simple holder of the bill; (2) the holder for value, and (3) the holder in due course. The last two named are considered in separate articles.

The position of the simple holder is this: He cannot sue any person on the bill subsequent to the last indorsee when value was given, unless he himself has given value for it; but then he is more than the holder—he is a holder for value.

Unless the bill is indorsed and made payable to the holder, the holder need not indorse it upon a transfer by him to another person. And if he transfers it without indorsement, he is not liable upon the bill in any case, although if the bill is given in settlement of an antecedent debt or if the bill is not intended to be a final settlement between the parties, he may be liable upon the consideration if the bill is not paid. When the bill is made payable to the order of, or is indorsed payable to the order of a person, the transferee has a right to demand the indorsement of the holder upon such transfer.

As in all other cases, the holder of a bill cannot obtain any title to the same by or through a forged signature or indorsement.

Again, a mere holder of a bill may convert what is a blank indorsement into a special indorsement. This is done by the holder writing his own name above that of the last indorser, with a direction to the effect that the bill must be paid to the order of himself or to the order of some other person.

When the holder of a bill receives payment of the same from an indorser, he must give up the bill to the indorser who pays. This indorser has then all the rights of the holder from whom he received it.

HOLDER FOR VALUE.—A holder for value of a bill of exchange is defined by Section 27 of the Bills of Exchange Act, 1882—

"(2) Where value has at any time been given for a bill the holder is deemed to be a holder for value as regards the acceptor and all parties to the bill who became parties prior to such time.

"(3) Where the holder of a bill has a lien on it, arising either from contract or by implication of law, he is deemed to be a holder for value to the extent of the sum for which he has a lien."

By Section 30—

"(1) Every party whose signature appears on a bill is *prima facie* deemed to have become a party thereto for value."

A holder for value can always sue upon a bill of exchange, but he incurs no liability personally if it afterwards gets into other hands, unless he has indorsed it.

Although value is always presumed in the case of a bill of exchange, it is open to any party who is charged to show that no value has, in fact, ever been given at all. A holder, therefore, who can prove value at any time is in a better position than a mere holder. But he is not in so safe a position as the holder in due course (*q.v.*)

If a bill is payable to a holder for value or his order, he must indorse it upon a transfer. If it is a bill payable to bearer, he need not indorse it, but as a transferor by delivery he warrants to his immediate transferee that the bill is what it purports to be and will be met in due course.

HOLDER-IN DUE COURSE.—Of all holders of a bill of exchange, the holder in due course occupies the best position. He corresponds to what was

known, before the passing of the Act of 1882, as the "*bond fide* holder for value."

By the Bills of Exchange Act, 1882 (Sec 29), a holder in due course is defined as follows—

"(1) A holder in due course is a holder who has taken a bill, complete and regular on the face of it, under the following conditions, namely—

"(a) That he became the holder of it before it was overdue, and without notice that it had been previously dishonoured, if such was the fact

"(b) That he took the bill in good faith and for value, and that at the time the bill was negotiated to him he had no notice of any defect in the title of the person who negotiated it.

"(2) In particular, the title of a person who negotiates a bill is defective within the meaning of this Act, when he obtained the bill, or the acceptance thereof, by fraud, duress, or force and fear, or other unlawful means, or for an illegal consideration, or when he negotiates it in breach of faith, or under such circumstances as amount to a fraud

"(3) A holder (whether for value or not) who derives his title to a bill through a holder in due course, and who is not himself a party to any fraud or illegality affecting it, has all the rights of that holder in due course as regards the acceptor and all parties to the bill prior to that holder."

A payee does not come within the definition of a holder in due course (see s 1, above), as the bill is not complete until it is indorsed by the payee

Again, by Section 30—

"(1) Every party whose signature appears on a bill is *prima facie* deemed to have become a party thereto for value

"(2) Every holder of a bill is *prima facie* deemed to be a holder in due course, but if in an action on a bill it is admitted or proved that the acceptance, issue, or subsequent negotiation of the bill is affected with fraud, duress, or force and fear, or illegality, the burden of proof is shifted, unless and until the holder proves that, subsequent to the alleged fraud or illegality, value has in good faith been given for the bill"

The term "in good faith" used to cause great trouble, but now by the Act of 1882, the term has a statutory meaning, and it is thus defined in Section 90—

"A thing is deemed to be done in good faith, within the meaning of this Act, where it is, in fact, done honestly, whether it is done negligently or not"

Section 38 deals with the rights of a holder—

"The rights and powers of the holder of a bill are as follows—

"(1) He may sue on the bill in his own name :

"(2) Where he is a holder in due course, he holds the bill free from any defect of title of prior parties, as well as from mere personal defences available to prior parties among themselves, and may enforce payment against all parties liable on the bill :

"(3) Where his title is defective, (a) if he negotiates the bill to a holder in due course, that holder obtains a good and complete title to the bill ; and (b) if he obtains payment of the bill the person who pays him in due course gets a valid discharge for the bill "

The position of the holder in due course is so

important, that it has been considered necessary to give the Sections dealing with him in full Put shortly, it may be stated to be as follows : A bill is in the hands of a party It is quite regular on the face of it, and there is nothing to create the slightest suspicion of any kind whatever The holder transfers it for value The transferee becomes the holder in due course. He can sue any person who is a party to it He cannot be met by any such defences as no consideration, duress, fraud, etc His title is complete, and the mere production of the bill is sufficient to establish his case if he has to take legal proceedings And if he sues any of the intermediate parties, who may have indorsed the bill without receiving any value, there is no answer to his claim

In one way, and one way only, can he be defeated If the bill contains a forged or unauthorised signature, the holder in due course cannot claim at all through that signature He may have his remedy against parties subsequent to the forged signature, but he has none against the person whose signature has been forged or against any person whose name appears prior thereto

HOLDING COMPANY.—This term is used to indicate a company which has acquired the whole of, or a controlling interest in, the share capital of one or more other companies, while at the same time each of those other companies retains its own individual trading existence as a separate legal entity

In most cases, holding companies have no power to carry out any trading operations other than that of holding investments ; their functions mainly consisting of the direction of the operations of the subsidiary companies and receiving the dividends declared There are, however, a few trading companies which, in addition to controlling several subsidiary companies, do themselves carry on a trade or business on their own account

Generally speaking, holding companies do not transact trading operations and, therefore, such a company is dependant for its revenue upon (1) the dividends received on its investments, (2) the interest charged on its loans to the subsidiary companies, and (3) the contributions received from associated companies for expenses connected with their management These revenue items form the fund from which dividends are payable to its own shareholders

There have been many interesting questions raised as to the proper method in which such companies should submit their balance sheets to the shareholders, the most usual method being the publication of a consolidated balance sheet giving the position of the group of companies as a whole, that is, from the viewpoint of the holding company Other methods that may be adopted are (1) the publication separately of the balance sheets of all the subsidiary companies, and (2) the publication of a summary of the assets and liabilities of all the subsidiary companies taken together It does not seem possible, however, to lay down a definite rule which will fit all cases, and it is desirable to consider each case on its own merits, the method adopted being that which is most suitable to the circumstances of the companies concerned

It was suggested before the Company Law Amendment Committee that in many cases the accounts of holding companies were unintelligible without further details as to the position of the subsidiary and associated companies, and the view was taken that the publication of a combined or

consolidated balance sheet for the whole group of companies should be made compulsory. The committee, however, considered that the matter should be left to the shareholders to make such requirements as to the form of their company's accounts as they may think proper, and that undue interference by the legislature in the internal affairs of companies is to be avoided, even if some risk of hardship in individual cases is involved.

HOLDING OUT.—Holding out, in a general sense, consists in a person's pretending to occupy a position which is not his by right, and which tends to deceive the public by leading them to assume something which is not, strictly speaking, quite true. Any person who thus places himself in such an equivocal position may render himself liable for all the consequences which would follow if the assumed position was actually occupied by him. The term is most commonly met with in connection with partnerships, where a person who is not in reality a partner in a firm does something which entitles the outside world to assume that he is not altogether independent of it. The liability of a person thus "holding out" is stated in section 14 of the Partnership Act, 1890—

"(1) Every one who by words spoken or written, or by conduct represents himself, or who knowingly suffers himself to be represented, as a partner in a particular firm, is liable as a partner to any one who has on the faith of any such representation given credit to the firm, whether the representation has or has not been made or communicated to the person so giving credit by or with the knowledge of the apparent partner making the representation or suffering it to be made.

"(2) Provided that where after a partner's death the partnership business is continued in the old firm's name, the continued use of that name or of the deceased partner's name as part thereof shall not of itself make his executors or administrators, estate or effects, liable for any partnership debts contracted after his death."

(See NOMINAL PARTNER)

HOLIDAYS.—(See BANK HOLIDAYS)

HOLLAND.—**Position, Area, and Population.** Holland, or the Netherlands, lies to the west of Germany, and to the north of Belgium, with the North Sea on its western and northern sides, between latitude 3° 25' east and 7° 12' east, and latitude 50° 45' north and 55° 32' north. Its area is 12,591 square miles (15,780 square miles, inclusive of its water spaces), somewhat more than twice the size of Yorkshire, and its population is approximately 7,316,000 (\$80 to the square mile).

Holland is not a definite geographical entity, separated from its neighbours by natural frontiers, but has been cut out of the European plain by the accident of historical development. Its relatively recent and partly artificial formation gave it, however, a character of its own.

The southernmost point on the coast is due east of Ramsgate, the northernmost of the Frisian Islands is due east of Grimsby, while the mouth of the Zuyder Zee is opposite the entrance to the Wash. Much of the country is really the delta of the Rhine, Maas (Meuse), and Scheldt, and it is to its position at the mouth of these rivers and the consequent ease of communication with the large population living in western Europe, on the one hand, and of the presence of the sea on the other, that Holland owes its importance. The history of

the country emphasises this fact. When at the end of the fifteenth century the Portuguese discovered the sea route to India via the Cape of Good Hope, they felt assured of the monopoly of the trade between India and Europe by that route. Owing, however, to the inconvenient position of Lisbon for north-western and central Europe, much traffic went via Holland with much profit to the Dutch that they were able almost completely to supplant the Portuguese in the East Indies with their own ships, and much of this part of the world still remains in their hands.

Climate and Vegetation. While the winters are longer and more severe than in England, the climate, owing to the nearness of the North Sea, across which blow the prevailing winds, may be described as equable and moist. In winter the canals are frozen and traffic is carried on on the ice. The annual rainfall scarcely exceeds 28 in., but humidity is high (usually over 80 per cent.), and mists are common in the more dusty parts of the country. The mean annual temperature (50° F.) is essentially temperate, south-west winds raising the temperature for nine months, and north-west winds lowering it for the three months of summer. About 60 per cent. of the country consists of clay soil, reclaimed from the sea or lakes, or deposited by the rivers in the course of time. The remainder, mainly in the south and south-east, is sand, gravel, or peat, and here the heaths, woods, and hulloeks are in striking contrast with the typically flat Dutch landscape prevailing in other districts.

Relief and Rivers. As it is to-day, Holland is a monument of human energy working in conjunction with natural forces. For ages the rivers that enter the sea here brought down vast quantities of clay and sand, the off-scourings of the Alps and the block mountains of Europe, and have formed banks in the shallow seas off the shore, gradually enclosing, more or less completely, areas flooded only at high water. By extending and strengthening these natural barriers so as to enclose completely the areas from the sea, a larger and larger country was formed. These low-lying districts, called Polders, have, on account of their lowness, no natural drainage, and are liable to be flooded from the higher land, and even from the sea. To prevent this, great care is bestowed on the protecting dykes, and the water which accumulates is pumped out, to a great extent, by wind, steam, and electric power. A polder landscape presents an absolutely flat stretch of country, divided chessboard fashion into small fields by a raised net-work of canals, the boats on which are seen sailing above the level of the ground. The fields, intensely green, are dotted with black and white cattle, and the frequent windmills and the infrequent red-roofed long, low houses give a bright and vivid picture. Altogether, the area reclaimed and lying at or below the sea-level amounts to one-third of the whole country. In these regions the rivers and canals are above the surrounding country, and are kept in by strong embankments. The controlling centre of the water and canals is at Arnhem, from which the whole of the low-lying districts could be flooded, if necessary, in time of war.

Along the whole of the coast from the mouth of the Rhine to the Zuyder Zee is a line of sand dunes, mostly natural, but in parts artificially strengthened, which protect the low-lying lands from the sea. This line, broken in places, runs northward to the Zuyder Zee, and then eastward through the Frisian

Islands, and southward through the islands of Zeeland. The Zuyder Zee represents what much of Holland would be like if the sea were allowed to flood the lowlands, while the draining of the sea would be but the extension of the polders. If the Dutch had not taken special precautions against the inroads of the sea not less than 38 per cent of the total surface of the country would be flooded with absolute regularity twice every day. The remaining part of the country is only a few feet above the sea-level, and only 2 per cent. of the total surface is higher than 150 ft. To the north-east of the Zuyder Zee are some hills rising to a height of nearly 300 ft. The highest is in the province of Limburg, near the German and Belgian frontiers, where a height of about 1,000 ft. is attained. Differences of level and relief are largely due to the action of the glaciers of the Great Ice Age and their moraines.

The local rivers are small and unimportant. The Waal and the Lek, distributaries of the Rhine, carry four-fifths of the river trade of the country, and are international waterways. Besides the great network of canals for drainage and also for barge traffic, there are a number of ship canals for vessels drawing from 10 to 25 ft of water. The North Holland Canal joins Amsterdam with Helder at the entrance to the Zuyder Zee. This is less used now than formerly, since the making of the North Sea Ship Canal, which joins Amsterdam with the North Sea at Ymuiden. It is 31 ft deep, and brings Amsterdam within 15 miles of the North Sea. The New Waterway is the canal between the sea and Rotterdam. Near the mouth is the Hook of Holland. The South Beveland Canal leads to the Scheldt, and the Merwede Canal (10½ ft deep) joins Amsterdam with Vreeswijk on the Lek, and thence with Gorkum (Gorkum) on the Waal. The King William Navigation Canal leads from the Zuyder Zee to Groningen, and there are also canals between Groningen and Harlingen, and Groningen and Delfzijl on the Dollart. This latter has been deepened with a view to the greater development of Delfzijl.

Industries. Agriculture. Farm crops are raised on 28½ per cent of the surface and engage 27 per cent of the wage earners; 2½ per cent is applied to horticulture, 36 per cent is grazing land; over 7 per cent is forest, and the remainder is waste land (in Drenthe, Overijssel, and Gelderland), in process of redemption. Intensive cultivation and small holdings are the rule, and natural vegetation has no great importance. Nearly 90 per cent of the total number of holdings consist of less than 50 acres, while more than 50 per cent comprises only from 2½ to 12½ acres. Only a few large estates are still found in Zeeland, South Holland, Groningen, and North Holland. Grain, roots, forage crops, beans and peas, industrial plants, and seeds are the chief products of cultivation, and perpetual effort is necessary to extract this produce from the soil. Even on the rich clay lands some manuring is required and drainage is essential. On the sandy soils of the east and south, manuring and irrigation must be resorted to, and the Netherlands Heath Society, by the increased use of artificial manure and improved agricultural knowledge, is steadily substituting grassfields, forests, and arable land for the sandy wastes. The fertile maritime clays produce hops, sugar-beet, tobacco, wheat, barley, oats, beans, flax, mustard and caraway seeds, chucory, and onions, and the light sandy soils yield

rye (the chief crop), buck-wheat, and potatoes. Bulb culture is important in the west, where the necessary sand, pure water, protection from salt-bearing winds, and black peaty soil, enable Haarlem to display its glorious April bulb-fields. Famed also are the nurseries of Boskoop, the blooms of Aalsmeer, and the cold frames of the Westland gardens. Increasing competition of grain-producing countries overseas compelled Holland to specialize in the production of articles which do not allow transport over very long distances, such as potatoes, fresh vegetables, and fruit, or of those which demand high skill and knowledge, such as sugar-beet and flax, while the favourable pasture conditions indicated the advisability of rearing cattle for the production of butter and cheese rather than for meat. Dairying is most important, butter and cheese are excellent, and co-operative methods are well established. Butter is most prominent east of the Zuyder Zee, the product of Groningen being considered the finest, whereas on the west of the Zuyder Zee easier access to salt and slightly slower changes of temperature cause cheese to predominate, Edam and Gouda (round red-rinded and flat-blocked cheese) both contributing enormously to the great cheese market of Alkmaar. Milk for sale, fresh or condensed, is most common in South Holland. Pigs and poultry are reared on the small mixed farms in the eastern sandy areas. Cattle and horses are typical of the heavy lands of the west, and sheep and bees of the heath-lands of the east.

Forestry. Woods cover nearly 8 per cent of the surface, and are found especially in Gelderland. Forestry, however, is not an important occupation, for the woods are mainly ornamental, and timber is almost entirely imported from Scandinavia and Finland.

Fishing. The position of Holland by the shores of the North Sea, the great Zuyder Zee, and the numerous rivers and stretches of fresh water, have created a large fishing population. Over 27,000 people are exclusively engaged in fishing, using over 6,000 ships and boats, 250 of them steamers and as many driven by motor-power. The deep-sea fisheries are worked from Holland proper (more than half of the fishermen being thus employed), and are mainly concerned with catching herring in drift-nets in the North Sea, near the Scottish and English coasts and in the English Channel. Ymuiden, Vlaardingen, Maassluis, Scheveningen, and Katwijk are the principal centres. Dutch herring are excellent, and find a ready market in Germany, the United States, Belgium, and Poland. Frisians and Zeelanders are interested in coastal and river fisheries. The principal catches are a small kind of herring, anchovy, eels, shrimps, oysters, mussels, salmon, carp, and pike, and there is a large export to France, England, Germany, Belgium, and Scandinavia.

Mining. Most of the surface of Holland is of recent formation. Only in the south of Limburg, and in a few parts of Gelderland and Overijssel, do the older strata reach the surface. Mineral wealth is, therefore, not great, apart from peat and clay (the latter being excellent for tiles, bricks, and pottery). There are veins of coal in Limburg which are part of the coalfields existing in the Belgian Campine, and in the German Westphalian area. Near Kerkrade coal is found almost on the surface, then the field slopes down towards the north. Heerlen and Kerkrade are the two principal mining areas, and some 4,000,000 tons is the annual output,

HOLLAND OR THE NETHERLANDS

ENGLISH MILES
0 10 20 30
KILOMETERS
0 10 20 30

Railways ———
Canals ———
Ch. of Steamship Routes - - - -



which represents less than half the country's needs. Most of the mines are State owned, and the State prospecting service has recently estimated that the exploitable coal area contains over 5,000 million tons. The greatest depth from which coal is extracted is 3,600 ft., but there are considerable reserves between 3,600 and 4,500 ft. It is thought that full exploitation of the south Limburg coalfields would result in an annual production of 20,000,000 tons. When this becomes a reality, Holland's manufactures will increase. Rock-salt is found in some parts, and there are chalk formations in south Limburg.

Manufactures. About 35 per cent of Holland's wage earners are engaged in industry, notwithstanding the fact that manufactures depend largely on imported coal. The manufactures are located largely on the seaboard or where there is easy access to German or Belgian coal. Holland was once famous for its textiles, and Leyden inherited the cloth industry of mediaeval Flanders. Cotton manufacture is now the principal textile industry. Twente (Enschede and Almelo) in Overijssel specialises in cotton spinning, and North Brabant in cotton weaving, and Roermond and Helmond manufacture mixed cloth and wool textiles. Blankets and inezes are manufactured at Leyden and Tilburg; carpets at Deventer, linen and brown "Holland" at Tilburg and Haarlem, calicoes and rich damasks in Overijssel, carpets, silk stuffs, and yarns in the neighbourhood of Utrecht; and fire-arms and glass-ware in South Holland. The metal industry is growing. Machinery, especially for shipping needs, is made chiefly along the lower part of the river Maas. Dutch tiles and pottery, and especially Gouda ware, are held in high esteem. Colonial imports fix the tobacco, chocolate, quinine, and diamond-cutting industries in or near Amsterdam. Schiedam is noted for "Hollands" gin, and Rotterdam for the curaçao liqueur. A large amount of alcohol is made from potatoes and sugar-beet, and the country is one of the chief refiners of beet-sugar, Rotterdam and Amsterdam being the two great centres. Dairy produce is treated scientifically, preserved milk and margarine being sold to most European countries. Other important manufactures are flour-milling, oil-refining, rice-polishing, fruit-preserving, chemicals, paper, and leather. There are shipbuilding yards round the towns of Amsterdam, Rotterdam, Haarlem, Dordrecht, and Flushing, which supply the main part of the ships that ply on the inland waterways, and some of the sea vessels.

Communications and Trade. Holland possesses a net of excellent roadways (3,000 miles), and special care is given to the upkeep of cycling roads, almost every Dutchman being a cyclist. Road transport, however, plays only a secondary part. All transport that is not of an urgent nature is by means of the unique system of canals and waterways. The canals are managed so economically that the railways get only a small proportion of the goods traffic. Barges, which are increasingly driven by motor-power, transport garden produce to the big towns. Sea-going ships discharge part of their cargoes into river boats, which serve even for transport to the Rhineland and to Belgium. There are 2,000 miles of canal and 1,100 miles of navigable river, and almost one-tenth of the population lives on barges. The railways (2,405 miles; 4 ft 11 in gauge), are run by companies controlled by the State. They are connected with the systems of the

adjacent countries at several points in the east and south, and three main international railway thoroughfares connect with shipping services from England. Hook of Holland and Rotterdam to Berlin; Hook of Holland and Rotterdam to Basle, and Flushing to Basle and Vienna. Regular air services are run to London, Paris, and Berlin (Postal, telephone (135,000 miles), and telegraph (5,700 miles) are in the hands of the State. Twenty per cent of the wage earners are engaged in trade and transport.

Transit trade, entrepôt trade in colonial produce, and general foreign trade, amount to the greatest per head of population of any country in Europe. Most of the trade is carried on with Germany, Great Britain, Belgium, the Dutch East Indies, the United States, and France, chiefly through the ports of Amsterdam, Rotterdam, Flushing (Vlissingen), and the Hook of Holland, and largely under foreign flags (one-third only Dutch). The chief exports are textiles, sugar, drugs, rice, silk goods, spices, iron and steel manufactures, margarine, leather, paper, butter, cheese, condensed milk, fish, cocoa, gold, silver, zinc, flax, tobacco, slams, seeds, and vegetables, and the chief imports are iron and steel goods, machinery, textiles, cereals and flour, coal, rice, coffee, oil seeds, spices, sugar, cocoa, paving stones, gold, silver, tin, copper, paper, tobacco, timber, hides, skins, manures, dyes, land, and tallow.

The People and Government. There are three peoples in Holland, each with its own language or dialect, but using Dutch as a common language, at any rate in cultured circles. There are Frisians, in the north, in Friesland, Saxons in the east and north-east, and Franks in the south. Mixture of race is still reflected in differences of customs and costumes, of diet, and dialect, but unity of control has ruled out all vital differences. All three races are hard-working and persevering, and display great cleanliness in person, home, and town. Holland has existed with its present boundaries since 1830, when the southern states revolted and formed the new country of Belgium, although this was not recognised internationally until the Treaty of London in April, 1839. The government is a hereditary constitutional monarchy. The executive power of the sovereign is vested in a responsible Council of Ministers. The legislative affairs are dealt with by the Parliament, a States-General, which consists of two Chambers whose members are elected for nine and four years respectively. There is universal suffrage at the age of twenty-three, and proportional representation.

The country is divided into eleven provinces, each governed by its own Provincial Council, or Provincial States and a Royal Commissioner. For local affairs there are 1,123 communes, each with its own council presided over by the mayor or burgomaster.

The provinces are—North Brabant, Guelders, South Holland, North Holland, Zeeland, Utrecht, Friesland, Overijssel, Groningen, Drenthe, and Limburg. The population is densest in the south-west, and least dense in the north-east. On 14th June, 1918, a law was passed for the purpose of forming a new province by the draining of the Zuider Zee to the extent of 523,000 acres. The work was commenced in 1924, and is expected to take fifteen years.

There is complete religious freedom, but the royal family and the bulk of the population belong to the

Reformed Church Education is compulsory between the ages of six and thirteen

Principal Towns. *Amsterdam* (713,000), the largest town, the nominal capital, and the commercial centre of the country with an exchange and money market, is built upon a subterranean forest of piles on the edge of the Zuyder Zee at the confluence of the small river Amstel with an arm of that Gulf. Its sheltered position, the seafaring ability of its citizens, and its ship canals help to secure almost a monopoly of Dutch colonial trade. Among its numerous industries are diamond-cutting (the chief world centre), sugar-refining, brewing, distilling, shipbuilding, textile manufactures, and chemical manufactures.

Rotterdam (544,000), originally a fishing village, grew into a centre of commerce after the decline of Bruges. Situated about 20 miles up the Rotterdam or New Waterway, made by deepening the Meuse, it has better communication with the Rheno-Westphalian industrial area than Amsterdam, and better sea communication, and does a larger trade. Food-stuffs and raw materials are imported, and finished products and coal are exported. Sixty per cent of the goods arriving are destined for transit. Shipbuilding (at Feijenoord), gun-distilling, sugar-refining, brewing, oil-refining, soap and metal-work represent its industries. The Hook of Holland is its outpost.

The Hague ('s Gravenhage or Den Haag) (392,000), the richest city, the administrative capital, the seat of the chief artistic industries, the residence of the royal family, an important centre of diplomacy, and a favourite residential town, is a very beautiful city, lying in flat country $2\frac{1}{2}$ miles from the North Sea.

Utrecht (150,000), the most important city in the centre of the kingdom, an old Roman town and seat of a university, lies on a much used north-south route, half way between the main stream of the Rhine and Amsterdam. It is a centre of land and canal routes, a strong fortress, and the chief market for the produce of the polders to the west of it.

Groningen (97,000) is a market for agricultural produce, and a shipping centre, being in canal communication with Delfzijl on the Dollart, Harlingen on the Zuyder Zee, and Zwolle on the Vecht. There are also smaller canals connecting with the Ems in Germany. It has a university.

Haarlem (80,000), on the edge of the dunes, is the centre of the bulb-growing and cut-flower industry. It possesses an ideal site in the 70 square miles of the drained floor of its old lake. Wheat, sugar-beet, tobacco, and flax are grown in its neighbourhood.

Arnhem (75,000) is the control centre of the canal system. It has a large river traffic, and is the chief market for the surrounding district.

Nijmegen (73,000) has an active river trade, and is an important market in the fluvial clay area.

Leyden (69,000) has a market with a large river trade, and was one of the first places to rise in importance in Holland on account of the trade on the Rhine. It is a university town, which still has some manufactures of cloth and cotton, but it has lost its old importance.

Tilburg (70,000), in North Brabant, manufactures linen and woollen textiles.

Maastricht (57,000), in Limburg, is a linen and woollen centre.

Dordrecht (55,000) is a quaint, picturesque, old Dutch town, standing on an island 12 miles south-east of Rotterdam. It is a river port and railway

junction, and has a considerable trade in timber, corn and wine.

Leeuwarden (46,000), the capital of Friesland, is a cattle market, and trades with England via Harlingen. *Delft* (49,000) is a cheese and butter market. It manufactures spices and pottery.

Schedam (44,000), on the Schie, is a corn market, and is celebrated for gin, "Hollands" and "Geneva."

Enschede (45,000), with other towns in the south-east, has cotton and linen manufactures.

Other towns are *Eindhoven* (59,000), *Apeldoorn* (54,000), *Hilversum* (45,000), *Zwolle* (38,000), *Deventer* (34,000), and *Breda* (30,000), agricultural and manufacturing towns, *Helder* (31,000), naval centre, *Gouda* (27,000), margarine and butter centre, *Alkmaar* (27,000), cheese market, *Flushing* (23,000), packet station; *Ymuiden* (10,000), fishing port, and *Zaandam* (30,000), an old port.

There is a regular mail service from London twice a day via Flushing—the morning through Queenborough, and the evening through Folkestone. Supplementary mails are also sent via Belgium. The time of transit is eleven hours to Amsterdam, and ten hours to Rotterdam.

Dutch Colonial Possessions. The Colonial possessions of Holland embrace an area of nearly 800,000 square miles, with a population exceeding 50,000,000. They comprise the Dutch East Indies, the Dutch West Indies, and Dutch Guiana or Surinam.

DUTCH EAST INDIES Position, Area, and Population. All the south-eastern islands of Asia, except the Philippines and parts of Timor and Borneo, are Dutch Colonies, in which is also included the little-known western half of New Guinea. They lie between 6° N lat and 11° S lat, and 95° and 141° E long, and have a total area of about 737,000 square miles, on which live about 50,000,000 people, chiefly Malays, Negritos, and Papuans. The Dutch divide the islands into two sections—Java and Madura, and the Outposts—Sumatra, Riau-Lingga Archipelago, Banca, Billiton, Borneo, Celebes, the Molucca Archipelago, the Timor Archipelago, New Guinea, Bali, and Lombok. The administrative and executive authority is in the hands of a governor-general, who is assisted by an advisory and legislative council of five members, who do not share in the executive.

Relief. Invariably spoken of as a geographical whole, the islands are, nevertheless, clearly divided into two distinct parts by their physical and biological characters. From the strait of Sunda east to about 118° east there lies a submarine plateau hardly 50 fathoms deep, while beyond that line all the way to a bank close to the coast of New Guinea, extends a deep sea with deeper basins. The boundary line between this plateau and the deeper sea, known as Wallace's line, passes through the Strait of Macassar and between Bali and Lombok. To the west of the line the forms of life are the same as, or closely related to, those of the Asiatic continent, while on most of the islands to the east they clearly indicate Australia as the centre from which they spread. This line, therefore, follows the old shore of Asia. With the exception of Celebes, the eastern islands, rising out of deeper water—the result of longer continued subsidence—have formed at various times part of a once greater Australasian continent. Celebes, surrounded by very deep seas, is Asiatic in its fauna, and has long been separated from Asia. The archipelago is exceedingly mountainous

and extremely volcanic. For the most part the mountains run from north-west to south-east, or from west to east. A chain of cones, some extinct, some dormant, and others active, sweeps in a semi-circle round its border from Sumatra eastward to the Philippines. The geological structure of many of the islands is unknown. Ancient rocks occur in Sumatra, Borneo, and Celebes, but most of the others are composed mainly of tertiary strata, over which volcanic ejecta are piled to an enormous depth, and form the bulk of the high land. Rivers exist in immense numbers, and while many of them in the larger islands are of considerable length, few of them are navigable, except in small boats.

Climate, Vegetation and Fauna. The climate is tropical and humid, and the temperature very uniform, the variations being less than 2°F in the west and 3.5°F in the east. The mean annual temperature is a little over 80°F . Both the South-West and North-East Monsoons bring rain, and, as most of the land is south of the equator, the fall is heaviest in the southern summer months. The air is damp at all seasons, and the archipelago is one of the rainiest regions known, the mean annual fall being over 100 in except in the north-east of Java, and in Sumbawa and Timor, where south-east Trades constantly prevail, and Australian influence is felt. Apart from Java, which is cultivated to the extent of about 40 per cent, the islands are still largely covered with primeval forests of tropical rot and luxuriance. On the west side of Wallace's line the vegetation consists of palms, bamboos, Euphorbias, Papilionaceae, Artocarpeae, Altingias, laurels, and oaks, and the fauna includes monkeys, tigers, rhinoceroses, tapirs, elephants, woodpeckers, barbets, and pheasants. On the east side the Australian character is marked by the eucalyptus trees, Casuarinas, Acacias, and Cycads, and the marsupials, monotremes, cockatoos, cassowaries, and Birds-of-Paradise.

Industries. The resources of the islands are enormous. There are about 8,000,000 acres under rice, 5,000,000 acres under corn and maize, 2,000,000 acres under cassava, 400,000 acres under soya bean, 44,000 acres under sugar-cane; and 250,000 acres under tobacco. Teak and many useful timbers, camphor, bamboo, and rubber are obtained from the forests. Rice is cultivated on the alluvial flood-lands and low coastal lands, where the sago-palm flourishes, especially in the east. Nine-tenths of the world's supply of cinchona bark and of its derivative, quinine, comes from Java, where the cinchona is grown on the hill slopes, as well as coffee, tea, sugar, tobacco, and indigo. The growing of coco-nut palms is common throughout the islands, and copra is an important export. Pepper and many spices so abound in the Moluccas that they are called the Spice Islands. Many vegetables and fruits are grown, especially at higher levels. The cultivation of the oil palm is increasing in Sumatra. Buffaloes and cattle feed on the rich savannas of the higher regions; and among the animal products are wild wax, trepang, edible birds'-nests, and pearls.

Very extensive discoveries of minerals have been made throughout the islands. Sumatra produces coal, petroleum, lead, copper, and gold. Java produces coal and petroleum. Banks and Billiton produce tin, Celebes and Timor produce gold; Borneo produces antimony, diamonds, and coal; and iron ore is of frequent occurrence. Tin, petroleum, and coal are the principal minerals of

commercial importance. Tin mining is almost entirely carried on by Chinese, and the petroleum wells are in the hands of great European companies. Some 2,500,000 tons of crude oil, 1,100,000 tons of coal, and 30,000 tons of tin are produced annually. Probably future surveys will disclose the presence of other valuable minerals.

Planting and mining are the two main primary occupations, but lately the Government has fostered industries. Among industries now established are iron foundries, oil-refineries, brick-works, chemical and rubber factories, and factories for preserved food, chocolate, macaroni, cigars, and cigarettes. The native weaving industry is being revived.

The Dutch have tackled seriously the problem of education, and their ideal is to keep administration as largely as possible in the hands of the native chieftains. Sane Dutch methods are steadily exploiting the boundless natural resources.

Communications and Trade. There are 3,300 miles of railway in Java, and 950 in Sumatra. A trunk line runs from Batavia to Sourabaya, and a trunk line will probably connect Palembang, on the east coast, and Telok Belong, on the south. Other feeder lines are in contemplation, and tramways and light railways are increasing. The road system of Java is admirable. The whole country is covered by main roads, post roads, crossroads, and byroads, and every part can be reached by wheeled traffic. On most of the islands, however, transport is in a very undeveloped state, and jungle tracks often take the place of roads. Rivers are of little use for transport, but where motor roads have been made in the outer possessions, they have proved more serviceable than railways for opening up the country. The Government mails between island and island are carried by the Dutch Royal Packet Company, and there is also communication by other lines and by native craft. A regular steamship service is kept up between Holland and Java, and connection with England is made by vessels of the Blue Funnel line. Java, Sumatra, Madura, and Bali are connected by cable, and it is possible to cable via different exchanges with the rest of the world.

Most trade is with Holland, Singapore, the United Kingdom, the United States, British India, Japan, China, Australasia, France, Denmark, and Germany, largely through the ports of Batavia, Cherbon, Samarang, Palembang, Sourabaya, Banjerassin, and Macassar. The principal exports are sugar and molasses, rubber and gutta-percha, tobacco, copra, tea, tin, and tin ore, kapok and sisal, coffee, tapioca, quinine, pepper, hides, gums, cinchona bark, rice and indigo, and the chief imports are cotton piece goods and yarns, chemical manures, iron and steel goods, and machinery.

Java and Madura (50,745 square miles, 35,000,000 population). The island of Java (49,000 square miles), the most important, the most fertile, the most highly cultivated, and the most densely populated of the Dutch possessions, lies entirely between 6° and 8°S , and is 590 miles in length, from west to east. The south coast is bold and rocky, the north low and fringed with mangrove swamps. The whole surface of the island is mountainous, with only a few elevated plateaus, the highest summit reaching 12,000 ft. No equal area of the globe is so volcanic. There are about 125 volcanic centres and over 45 volcanoes, 20 of which are active, and the whole island is practically covered with the mud thrown out by the volcanoes. The few sedimentary rocks

which occur are entirely of Tertiary age, and in the strata of the Bengawan valley belonging to the Miocene or Upper Pliocene, the fossil remains of *Pithecanthropus erectus*, a kind of intermediate type between ape and man, were found. The rivers are numerous and fairly large, but none is navigable, and the lakes are of no importance. No part of the island is more than 50 miles from the sea, hence its uniformly high temperature (Batavia, 79° F.) with an annual range of less than 6° F. The coast is hot, steamy, and unhealthy, but the lower hills are wonderfully healthy. The rainfall is heavy, even in the driest month, there are from three to five days of rain a week. Though 40 per cent of the surface is cultivated, there are great tracts of primeval forest, containing from three to four hundred species of timber trees, among them teak, and, though it is densely populated, there are yet many untrodden wildernesses. Java is a paradise to the botanist. Animals abound. Monkeys, rhinoceroses, tigers, wild pigs, wild cattle, leopards, and apes are its most conspicuous mammals. Over 400 species of beautiful birds have been classified, including the pea-fowl. Buffaloes, cattle, and horses are all used for domestic purposes. Rich volcanic soils and favourable climatic factors make the island an exceedingly rich agricultural region. The chief crops are sugar (the principal), rice, tea, coffee, cacao, rubber, tobacco, cinchona, indigo, maize, cassava, sago, sweet potatoes, soya beans, kola nuts, capsicum, and copra. Most of the land is nominally in the hands of the Government, but Europeans and Chinese run estates in the west, and the Javanese possess 9,625,000 acres. So far as is known, Java is not rich in metallic ores. There is only a small amount of coal, but the petroleum of the central districts is important. The sugar-mills are equipped with up-to-date machinery, and the sugar industry is very flourishing. Most of the people, of whom one in thirty live in towns, are Javanese proper, but there are also many Sundanese. The Javanese are amiable, intelligent, sober, industrious, given to extravagance, and fond of acting and gambling. They make excellent mechanics, goldsmiths, cutlers, carpenters, and boatbuilders, and also indulge in spinning, weaving, and dyeing. The ancient civilisation of Java was of Hindu-Buddhist type, but Arab Mohammedanism has ousted the old worship.

Batavia (150,000), the capital of Java and of the Dutch East Indies, is situated on a low plain, at the mouth of the Tji-liwong. Its outpost, *Tandjong Priok*, possesses a fine harbour, capable of accommodating the largest vessels, and its "hill station," *Buitenzorg*, possesses botanical gardens of indescribable loveliness.

Surabaya (140,000), at the mouth of the Solo river, at the eastern extremity of the island, has the best harbour, and handles large quantities of sugar.

Surabaya (160,000), the most populous town, is connected by rail with Batavia.

Samarang (110,000) is an open roadstead, situated about the middle of the north coast. It is commercially important on account of its oil industry.

Other towns are *Bantam*, *Djohjagara*, *Tyaltchap* (the only good harbour on the south coast), and *Bandung*.

Madura Island (1,652,000 population) is separated by a shallow strait from Java. With the exception of about 5,000 Chinese and Europeans, its people are all Madurese, a race closely allied to

the Javanese. The soil is pastoral rather than agricultural, and cattle-raising and fishing are the chief sources of livelihood.

Sumatra (162,138 square miles, 4,830,000 population), after Australia, Greenland, New Guinea, and Borneo is the largest island in the world. It extends in a north-west and south-east direction for 6° on each side of the equator, and is separated from the Malay Peninsula by the Strait of Malacca, and from Java by the Sunda Strait. Its maximum length is over 1,000 miles, and its maximum width 230 miles, but much of it is totally unknown. A huge range of hills, the Barisans, buttressed by plateaux in some parts and studded with dead, dormant, and active volcanoes rising to 12,000 ft on the west, runs down its length, and from its eastern slopes extends a wide alluvial plain. The western rivers are short and rapid; the eastern longer and navigable for long stretches by craft drawing from 6 to 10 ft. The most important are the Asahan, the Indragiri, the Djambi, the Musi, the Rakan, the Kampar, the Batang-hari, and the Palembang. Of the numerous lakes the largest are Toba (800 square miles), Korntji, Ranau, Manunyu, and Singkara. The temperature is about 2° hotter than Java, and the average annual rainfall is no less than 139 in. Most of the island consists of jungle, sombre, impenetrable, savage, desolate, brooding, and thrilling. Among its mammals, the elephant, the rhinoceros, the orang-utan, the tiger, Malay bear, the tapir, the mountain goat, the wild dog, and various deer are characteristic, while among its hundreds of different species of birds are the argus-pheasant and the bronze-tailed peacock-pheasant. Rice, sugar, sago, rubber, gutta-percha, pepper, coffee, tobacco, dammar, beeswax, gambier, gums, and camphor are the most important agricultural and forest products. Gold occurs abundantly in Jambi and Palembang. Coal is mined in the Padang highlands, and petroleum is important at Palembang in the south. Tin, copper, and iron-ore exist, and arsenic, sulphur, and saltpetre are found in the volcanic districts. The native manufactures are few, krises, sarongs, gold and silver filigree work being the chief. Practically all the native population—Achinese, Bataks, Korinchis, Siaks, and Jambis—live on the land.

Palembang (54,000), on the Musi or Palembang river, separated from the eastern coast by 40 miles of half-submerged alluvium, is the largest and busiest mart of the island. Many of its houses are built on floating platforms. Its exports are rubber, pepper and coffee.

Padang (41,000), with its coalfield in the Ombilin valley, is a large and important seaport about the middle of the west coast, exporting rubber, pepper, and coffee.

Other towns are *Kotaraja*, *Olele* (port), *Delé* (tobacco), *Ranau* (tobacco), *Benkulen* (port), and *Jambi*.

Riau-Lingga Archipelago (12,506 square miles, 223,000 population), off the east coast of Sumatra, are undeveloped islands, exporting spices.

Banca (4,549 square miles; 154,000 population), and *Billiton* (1,873 square miles, 69,000 population), off the south-east coast of Sumatra, are famous for their tin supplies.

Celebes (72,679 square miles, 3,109,000 population). The great star-fish shaped island of Celebes lies east of Borneo, west of the Moluccas, and south of the Philippines, between 2° N. and 6° S. Four long, mountainous peninsulas radiate from a high

central mass, and there are no large alluvial lowlands. Few islands in the world are less known than this curious and romantic island. Orographically, it seems to be composed of parallel ranges, separated by valleys, in part occupied by lakes. Mount Koryu, near the centre, is thought to attain 10,000 ft. Volcanoes are common, and earthquakes frequent. The rivers are mostly short and un navigable, but the Sadang (250 miles) and the Banoe Solo (150 miles) are large streams. High mountains and sea breezes make the climate relatively cool and healthy. The northern part has an equatorial climate, and the southern the definite dry and wet seasons of its latitude. Unbroken forests and intractable jungles cover most of the region, and the scenery is probably the grandest in all the islands. Its fauna is very distinct. Wild buffaloes roam in the tangled depths of the forest, and Birds-of-Paradise are found, but there are no large beasts of prey. Ninety species of birds are unknown to any other country, and this is also true of endless butterflies and insects. The Macassar and Minahassa districts are as yet the only districts effectively occupied by the Dutch. Sandalwood, ebony, and teak are obtained from the forests, and on the coast the usual tropical crops, such as rice, coffee, coco-nuts, and spices, are cultivated. Macassar oil, extracted from a tree, bêche-de-mer, tortoise-shell, pearl-shell, and Bird-of-Paradise skins rank among the exports. All the native population is of Malayan stock, and some of the tribes are skilful in the weaving of cotton. The Bugs of the east coast are the outstanding tribe, and the most given to running amok. *Macassar* (20,000), the capital, in the south-west, is the chief trading centre for the island and the islands to the east of it up to and including New Guinea. Though small, it is a city of eminent importance in the history of the islands. Other towns are *Menado* and *Kema* (ports) and *Dongala*. Numerous island groups surround Celebes, the chief are the Sanghur Islands in the north; and Butung, Tukang Bessi and Salajer, off its southern peninsulas.

Moluccas (Amboyna, 17,372 square miles, population 278,000); (Ternate, 12,796 square miles, 150,000 population). The Moluccas or Spice Islands consist of all those islands which lie between Celebes on the west, New Guinea on the east, Timor on the south, and the Pacific Ocean on the north. They are traversed by the great volcanic chain of the archipelago. Many are volcanic cones, some are raised coral reefs, and others are composed of crystalline rocks. Most are unexplored. The vegetation is luxuriant and of Papuo-Australian affinities, and the fauna typically marsupial. Though tropical, the climate is not unhealthy, and favours the growth of cloves, nutmegs, cardamoms, and pepper. Three races are found—the Mongolo-Caucasian forerunners of the Malays, Malays, and frizzy-haired Melanesians. *Gulolo* or *Halmahera Island* (6,700 square miles; 100,000 population), lies off the north-east of Celebes, and with its surrounding islets forms a very mountainous and volcanic group. Rice and coco-nuts are grown by the natives, and trepang and pearl-shells are dived for, but sago is the most important product. *Ternate Island* consists almost entirely of the peak of that name (6,000 ft). It is famed throughout the archipelago for its beautiful harbour, and the town of *Ternate* (3,000) is the capital of the Moluccas. *Tidore* is a minute fertile island. *Batjan*, a considerable island, contains a genus of Birds-of-Paradise peculiar to itself. *Ceram* (6,621 square miles;

100,000 population), lying to the south of Celebes, is a mountainous, forested island, whose interior is wild, little known, and inhabited by savage head hunters of Papuan stock. Its chief export is sago. *Buru* (3,400 square miles, 15,000 population), lying west of Ceram, is in its western half high and mountainous, and has on its eastern side a wide alluvial plain. On the coast there are settlements of Malays, but in the interior are pagan Papuans little in touch with civilisation. Pigs, sago, and cayaput oil are the chief products, and *Kayeli*, the only important town. *Bachan* (900 square miles) to the north of Buru, is an irregular island of two mountainous portions joined by an isthmus. It is peculiarly rich in birds and insects, and is very sparsely populated. *Amboyna* (386 square miles, 39,000 population), south of Ceram, is a mountainous, volcanic, richly clad, healthy island, the most celebrated of the Spice Islands. To Amboyna it was that the lucrative and coveted clove monopoly was restricted by the Dutch. From the port of Amboyna are shipped cloves, Amboyna wood, cinnamon, pepper, sago, sponges, coral, and shells. *Banda*, 140 miles south-east of Amboyna, is a small cluster of volcanic islands. On *Banda-neira* stand the town and fort, and on *Lontar* are the nutmeg gardens, from which the world's supply is almost entirely drawn. The *Ke Islands* consist of between thirty and forty narrow mountainous islets, separated by small channels, and extending for 60 miles north of 6° S. The inhabitants are mainly Melanesians of Papuan origin, famed as boat-builders and artistic wood-carvers.

DUTCH NEW GUINEA (160,692 square miles, 196,000 population), is the little known part of that great island west of 141° E. The whole backbone of the island is mountainous and much of it, owing to the density of the vegetation, the perils of the jungle, and the torrential rains, is really inaccessible. In the north-west the mountains rise to 9,000 ft., in the centre they range between 4,000 and 9,000 ft., but in the east they are much more lofty. Carstenz, Idenberg, and Wilhelmna attain heights of over 15,000 ft., and Juliana nearly 15,000 ft. The climate is hot, moist, and unhealthy. In the north the rainfall ranges from about 100 to 150 in., in the south from 30 to 80 in. The temperature varies from about 70° F to 95° F, the average being from 75° F to 85° F. Malaria, blackwater fever, and dysentery are common. Practically the whole region is densely clothed with tropical vegetation, Malayan in character, the great wealth of timber being a noticeable feature. Animal life is more akin to that of Australia. Mammals are comparatively few, but they include marsupials and monotremes. Bird life is abundant, and consists of about 500 species, including 70 or 80 varieties of Birds-of-Paradise. Most of the inhabitants are Papuans, tall, small-headed, with long and fleshy noses and frizzy hair, and of a lower level of civilisation than the Malays. In the more inaccessible regions cannibalism still exists. Capital, labour, and transport difficulties hinder development. Coco-nuts, rubber, hemp, tobacco, cotton, tea, coffee, and rice are the chief objects of cultivation. Fishing as an industry is chiefly concerned with pearls and bêche-de-mer. Coal and petroleum springs have been found in several districts. The chief towns are small trading stations, and include *Fakfah*, a port which has trade relations with the Moluccas, and is the seat of an assistant resident, *Monakwari* on Geelvink Bay and *Merakue*, which carry on

an export trade in copra and Bird-of-Paradise skins

Timor Archipelago (26,410 square miles, 1,147,000 population), *Bali* (2,095 square miles, 865,000 population), *Lombok* (1,977 square miles, 700,000 population). Due east of Java stretches the 1,200 miles' chain of the Lesser Sunda Islands. Many of the links of this chain rise from the same submarine bank and thus combine into island-clusters. Of these islands those from Lombok to Ombay make one cluster. Sumba and Timor, with Wetia and the Serwatty islands are independent links, each rising out of deep water, while the Timor-laut bank originates another closely inter-related constellation. The group is arid and less verdure-clad than the islands farther west, and both vegetation and fauna are Australian. With few exceptions the islands are mountainous, very volcanic, and largely unexplored. *Lombok*, separated from Bali by Lombok Strait, is an island of rugged beauty, one of its volcanic peaks rising to 11,810 ft. In its fauna it is the most westerly of the Australian group of islands. Like Bali, it is remarkable for the fact that Hinduism is still the religion of the natives. Its chief inhabitants are the Sasaks, who are skilled irrigators, but the Balinese, much less in number, are very powerful, and frequently cause trouble. Rice, tobacco, coco-nuts, and maize are cultivated, and cattle are reared. The chief towns are *Ampanam* (port) and *Mataram*. *Bali* is an "old-fashioned Java," and is, perhaps, the most beautiful of all the islands. The island is exceedingly mountainous and volcanic, its highest peak attaining 10,497 ft. Its natives are of the same stock as the Javanese, but they are a bigger and a stronger race. They are excellent farmers and artisans, weaving textiles and making arms. The chief products are coffee, rice, tobacco, copra, and cattle. *Buleleng*, the chief town and port, is the seat of the Residency. *Sumbawa*, is a larger island than Lombok, and is nearly cut in two by an immense bay, on the east end of which rises the famous, destructive volcano, Tamboro (9,100 ft.). It chiefly produces rice and horses. *Bima* and *Sumbawa* are the chief towns. *Flores* (5,850 square miles, 250,000, population) separated by a small islet and two straits from Sumbawa, is 224 miles in length, and largely unexplored. Along the coast the inhabitants are of Malay stock and are engaged in fishing, agriculture—rice, sandalwood, and cinnamon are exported—and shipbuilding. In the interior are savages of Papuan origin. *Larantuka*, the administrative capital, is its best known town, and most frequented port. *Sumba* or *Sandalwood* is almost surrounded by deep water. Its inhabitants are pagan Malays, who are excellent farmers, producing rice, maize, cattle, and ponies, which with sandalwood are exported from *Nangamesi* by Macassar traders. *Timor* (the smaller western portion of which is Dutch, and the remainder Portuguese), the largest of the Lesser Sunda Islands (12,500 square miles; 1,000,000, population), is an extraordinarily mountainous island with peaks rising to 12,000 ft., and is surrounded by very deep water. Its people are mainly Melanesians and Malays, little skilled in agriculture. Rice, maize, wheat, pigs, buffaloes, sheep, ponies, and sandalwood are the chief products; and iron, copper, gold, coal, and petroleum have been found. *Kupang* is the capital. The *Timor-laut* group, terminating the Lesser Sunda chain, contains three larger islands—Larat, Yamdena, and Selaru—and about thirty smaller islands. They

are mainly upraised coral-reefs, peopled by Papuan Melanesians, producing mainly maize on the poor coralline soil. For many years yet most of the archipelago will remain an impenetrable wilderness, but it may be presumed that the Dutch will gradually open up the islands as they have done in Java.

(For map, see EAST INDIES.)

DUTCH WEST INDIES The Dutch West Indies consists of two groups of islands about 800 miles apart. *Curaçao* (210 square miles, 35,000 population), *Bonaire* (95 square miles, 7,500 population), and *Aruba* (69 square miles, 9,000 population), lying in the south of the Caribbean Sea form one group, and *St Martin* (the southern part only, 17 square miles, 2,300 population), *St Eustache* (7 square miles, 1,100 population), and *Saba* (5 square miles, 1,600, population), lying east of the Virgin Islands, form the other group. *Curaçao* is, for the most part, a flat volcanic island, though in the south there are hills rising to about 1,200 ft. Its rainfall is low, and its plants are arid, but sugar, maize, beans, tobacco, and aloes are grown with difficulty in the more productive parts. Salt, cattle, and about a million tons of leached guano or somberrite, a phosphate made from a mixture of ordinary guano and phosphatised limestone, are exported. The island is best known from the name given to the liqueur originally made there, and distilled from a particular kind of orange. Its capital, *Willemstad* (16,000), is the headquarters of the Governor of the Colonies. It is singularly Dutch in appearance, its houses being modelled on those of Amsterdam. Most of the inhabitants of the island are negroes. *Bonaire* and *Aruba* are of no particular importance, though the latter has large deposits of leached guano. *St Martin* is divided between the French and Dutch (the French own the smaller northern half). Sugar, once its staple, has now been replaced by salt. *Philipsburg* is its capital. *St Eustache* is a small island of valleys and volcanic hills. It exports yams and sweet potatoes, and its capital is *St Eustache* or *Orangetown*. *Saba* consists of an extinct volcano, which rises to 2,817 ft. Its chief settlement, *Bottom*, stands on the floor of the old crater, and can be approached from the sea only by a series of steps cut in the solid rock. Strange to say, the inhabitants make their living by building in the crater the finest small boats in the Caribbean.

(For map, see WEST INDIES.)

DUTCH GUIANA, or SURINAM (54,291 square miles, 136,000 population). For description see the article on GUIANA.

The Dutch possess, in high degree, the sympathetic understanding of the psychology and human needs of the inferior races whom they govern, a characteristic of great colonising powers.

(For map, see that of South America in article on AMERICA.)

HOLOGRAPH.—A document which is written entirely, or almost entirely, by the person who signs it. Thus, a holograph will is one which is written out entirely by the testator.

It is advisable that certain documents should always be holograph. For instance, it is unwise for the drawer of a cheque to allow any part of the instrument to be in the handwriting of any person other than himself. By avoiding handwriting of several persons, there is less chance of forgery being committed.

In Scotland, when a surety signs a printed form of guarantee, he sometimes writes above the signature: "Adopted as holograph."

HOME AND FOREIGN PRODUCE EXCHANGE.

—This building, situated in Tooley Street, adjacent to London Bridge, is the principal market where dealings take place in imported butter, cheese, bacon, hams, lard, and eggs. The Exchange is really a limited company, supported by its members, who are elected and pay fees or take shares, beside paying subscriptions.

HOME CONSUMPTION.—This may refer to—

- (1) Goods which are consumed in the country in which they are produced, or
- (2) Foreign goods which have been placed in a bonded warehouse on importation, until the duty is paid, in order that they may be brought into consumption.

HOME OFFICE.—This is one of the most important of the State departments, as it has so much to do with the internal affairs of the kingdom. It was first established in 1782, but did not practically assume its present position until 1801. At the head of the establishment is the Home Secretary, a Member of the Cabinet of the day, who enjoys a salary of £5,000 per annum. Amongst his multifarious and onerous duties, it may be noticed that he is the general means of communication between the Sovereign and his subjects, he is responsible for the enforcement of public order, and he is also confided with the task of seeing that the rules made for the internal well-being of the community are carried into effect. Although this has not been the invariable case during the last few years, it is considered highly desirable that the post of Home Secretary should be held by a man who is a trained lawyer, especially as his duties are so largely connected with the administration of the criminal law, and to him is practically confided the Royal prerogative of mercy.

HOME USE ENTRY.—A Custom House document which is used when dutiable goods are to be removed from a ship for home consumption. For form, see CUSTOMS FORMALITIES.

HONDURAS.—Position, Area, and Population. The Republic of Honduras, the middle State of Central America, lies between 83° and 89° W. Its northern and north-eastern boundaries are formed by the beautiful Gulf of Honduras and the Caribbean Sea (400 miles of coast), while on the south-west and west stretch the Pacific Ocean (40 miles of coast) and the neighbouring States of El Salvador and Guatemala. In area the State claims 44,275 square miles, and measures about 375 miles in length by 125 miles in width. Most of its population, estimated at 774,000, are Indians with an admixture of Spanish blood, though on the north there are a large number of negroes. The executive power is in the hands of a President, nominated and elected by popular vote for four years, and the legislative power is vested in a Congress of Deputies of forty-three members, chosen by popular vote for four years (one per 15,000), and a Council of six ministers. Roman Catholicism is the prevailing religion, and Spanish is the ruling language.

Relief. Coralline reefs and granite isles fringe the north coast, and only the Pacific port of Amapala offers good anchorage. The country is seamed in all directions by intricate sierras, its interior is unopened, but its volcanoes are not numerous, and they have long been quiescent. The highest of the mountain peaks is a little under 10,000 ft; but several soar above 5,000 ft., and nearly all are clothed with dense tropical forest. Close to the Nicaraguan frontier rise the magnificent Juticalpa,

Camasca, and Tompoconte ranges, all forming part of the immense Antillean system; and two subterranean ridges stretch across the Caribbean Sea between Honduras and the Sierra Maestra range in Cuba and from Cape Gracias a Dios to Jamaica. There are many and bountiful rivers (the Choluteca, the Patuca, the Uluá, the León, and the Trinto), large lakes (Caratasca and Yojoa), and fertile plateaux and valleys (the Plain of Comayagua stretches 40 miles in length, and is intersected by a deep depression which once formed a marine channel from the Atlantic to the Pacific).

Climate, Vegetation, and Fauna. The climate is everywhere equable, but the great diversity of elevation causes corresponding differences in temperature. The coastal plains are *tierras calientes*, the middle mountain slopes *tierras templadas*, and their summits *tierras frías*. Climatic variations are due to differences in moisture. Generally, summer and autumn are wet, winter and spring are dry, in the west. The contrast is less strongly marked in the east than in the west, where the rainfall during the summer half-year is 60 per cent of the total rainfall. Here, the rain is both monsoonal and zentral. In the east, winter and spring rains are brought by the trade winds, which are deflected upwards by the mountains and compelled to drop their moisture. In the interior valleys the rainfall is under 40 in. elsewhere it is more than 60 in., and on the exposed slopes of the western and northern mountains it rises to over 120 in. The vegetation is very rich, and is more luxuriant on the wetter east than on the drier east. The *tierras calientes* are covered with dense wet jungle, which contain exquisite cabinet woods, dyewoods, medicinal plants, rubber trees, oil-plants, balsams, gums, and resins. On the higher slopes temperate are interspersed with tropical species, and the forest is no longer continuous, and gradually passes into grasslands. Monkeys, jaguars, pumas, and tapirs are among the mammals, brilliantly-coloured birds and insects are characteristic of the forests, fish abound in the seas and lagoons, and alligators and tortoises are numerous.

Industries. Fertile soils and favourable climate are advantageous factors to agriculture, which is, however, hindered by difficulties of transport and labour. Only a small percentage of the land is cultivated. The chief crops are bananas, fruits (lemons, oranges, and pine-apples), sugar, rice, tobacco, coffee (of excellent quality), indigo, maize, vegetables, henequen, coco-nuts, and wheat. Bananas and coco-nuts are grown in large quantities on the Atlantic coast under American supervision, and in the departments of Copán, Gracias, and Santa Barbara 600,000 bushels of maize are raised annually. About 500,000 cattle graze on the savannas, but Honduras is capable of rivaling Uruguay in the number and quality of its horned cattle if its labour became less erratic. The forests yield mahogany, rubber, sarsaparilla, cedar, fustic, kapok, dyewoods, and yucca. As yet mining is of little importance, though the mineral wealth includes gold, silver, copper, lead, zinc, iron, and antimony. The New York and Honduras Rosario Company owns gold and silver properties of importance at San Juanito. Manufactures are in their infancy. Straw hats, cigars, and Panama hats (in Copán and Santa Barbara) are manufactured in sufficient quantities to supply a small export trade, and shoes, soap, candles, beverages, cigarettes, flour, and rice partially satisfy local needs.

Communications and Trade. Communications are poor, transport being chiefly by mules and ox-carts. Road-making is slow. There are two principal roads—San Lorenzo on the Pacific to Tegucigalpa, the capital, in the interior (90 miles), and Tegucigalpa to Comayagua and Lake Yojoa. Work is in progress for the extension of motor traffic over the road from Jalal to the railway terminus at Portorillos to make direct inter-oceanic transport possible. The railway mileage is 934, and is confined to the north coast. From Puerto Cortés a line runs to Portenillos (66 miles), and other lines, chiefly fruit railways, are the Trujillo, Tela, Ceysmal Fruit Co., and the Vaccaro Brothers'. To reach railhead from the capital a motor journey of about a day and a half is necessary. There is a fair mail service by automobiles. Telegraphic (5,000 miles of line) and telephonic (900 miles) services are inadequate. Motor-boats and Indian dug-outs ply on the rivers, and there is a steamer connection with European and American ports from the Atlantic ports (Puerto Cortés, Omoa, La Ceiba, Trujillo, and Roatan roadsteads), and the Pacific port of Amapala.

Most trade is with the United States, the United Kingdom, and Germany. The chief exports are bananas, ores, bar-silver, cattle, hides, coco-nuts, mahogany, cedar, rubber, gold, fruits, coffee, sugar, and tobacco, and the chief imports are cotton textiles, jute sacks, hardware, chemicals, paper, foodstuffs, and liquors.

Trade Centres. *Tegucigalpa* (40,000), the capital, on the River Choluteca, 114 miles distant from Amapala, and 207 from Puerto Cortés, at a height of 3,500 ft. above sea-level, is a mining centre for gold and silver. It is a town of narrow streets, lacking beauty, but enjoys a healthy climate (mean annual temperature, 74° F).

Amapala, on Tigre Island, in the blue bay of Fonseca, is a free port and sheltered roadstead, providing safe anchorage for shipping. It exports silver, copper, and hides.

San Pedro Sula (8,000), situated on the National Railway between Puerto Cortés, its seaport, and Pimcenta, is the principal distributing centre for the north and west. It handles sugar, coffee, tobacco, indigo, and bananas.

Other towns are *La Esperanza* (12,000), *Santa Rosa* (11,000), *Choluteca* (8,000), *Nacaome* (8,200), *Paspepe* (7,000), *Comayagua* (3,000), and *Puerto Cortés* (2,500).

There is a regular fortnightly mail service via Panama (fifteen days), and via New York and New Orleans, (ten days).

(For map, see that of Central America in the article on AMERICA.)

BRITISH HONDURAS—Position, Area, and Population. The British Crown Colony of Honduras is bounded on the north and north-west by Yucatan (Mexico), on the west and south by Guatemala, and on the east by the Caribbean Sea. Its area is 8,598 square miles (1½ times the size of Wales), and its population, 46,500, few of whom are Europeans. Innumerable islands fringe its flat lagoon coast, which extends for 180 miles from the Honda river in the north to the Sarstoon river in the south.

Relief. From the narrow, low, swampy, and unhealthy coast-lands, hills from 500 ft to 4,000 ft succeed each other to the western boundary, reaching their greatest height in the Cockscomb mountains. The rivers include the Rio Honda, the New River, the Sibun, the North and South Stann Creek, the Rio Grande, and the Sarstoon. The

lower tracts of the rivers are known as cohune ridges on account of the prevalence of the cohune palm. Beyond the pine ridges and broken ridges often covered with dense jungle.

Climate, Vegetation, and Fauna. The climate is hot and damp, healthy on the uplands, and malarial on the coastal lowlands. The mean annual temperature lies between 75° F and 80° F, but is considerably tempered by the prevailing sea-breezes. Most of the country consists of dense, primeval forest. Savannas and so-called "pine ridges" occur on the uplands and on the poorer soils. The fauna resembles that of Honduras.

Industries. British Honduras is largely virgin forest country, with resources in land, timber, and water-power lying idle or unharnessed. Minerals of economic importance have yet to be discovered. Despite the suitability of the soil for most kinds of tropical produce, the lack of suitable labour makes agriculture practically non-existent, and the colony has hardly left its original state as a wood-cutter's settlement. Sugar-cane, rubber, cacao, bananas, plantains, coco-nuts, pine-apples, oranges, and mangoes grow readily, and the savannas give good pasturage, but little progress has been made. The forests, however, yield excellent mahogany, logwood, rosewood, and cedar, and chicle (chewing-gum) is bled from the sapodilla tree.

Communications and Trade. There are few means of communication and transport other than the numerous rivers. There is a radio-telegraph service at Belize. Most of the trade is with the United Kingdom and the United States. The chief exports are bananas, chicle, coco-nuts, mahogany, logwood, plantains, and tortoiseshell, and the chief imports are foodstuffs, cotton textiles, hardware, machinery, oils, spirits, tobacco, and soap.

Trade Centres. *Belize* (13,000), the capital, faces the blue Caribbean Sea. It is an unhealthy town, shipping logwood, mahogany, bananas, and tortoiseshell, in small schooners, because its harbour is reef-bound and difficult to enter.

Stann Creek is a small exporting centre, recently galvanised to life by the building of a 20-mile railway.

Mails are dispatched every Wednesday. Belize is distant from London about 5,701 miles, and the time of transit is seventeen days.

(For map, see that of Central America in the article on AMERICA.)

HONEY.—The sweet, syrupy liquid collected from flowers by bees and deposited by them in the combs of their hives. Honey consists mainly of glucose, cane-sugar, gummy matter, and water. It varies in quality according to the flowers from which it is procured, the age of the hives, the method of extraction, and the season of the year. The best is of a very pale yellow colour, which deepens with age. Scotland produces excellent honey and so do Chamounix and Naibonne, but the largest import trade is done with California. Mead, the fermented liquor obtained from honey, is a favourite beverage in North Europe.

HONG.—This is the name which is given by the Chinese to any factory belonging to European merchants in Canton. The Hong merchants were, previous to the wars with England, ten or twelve natives, who alone were legally entitled to trade with foreigners, who were known as the "outer barbarians."

HONG-KONG.—Position, Area, and Population. Hong-Kong—a corruption of Hang-kiang (fragrant

(streams)—is a small island (32 square miles, 10 miles long, 2 to 6½ miles broad), lying east of the mouth of the Canton river, about 90 miles from Canton (22° N. and 114° E.), and separated from the Chinese mainland by the narrow, winding channel of the Lye-Mun Pass (¾ to 1 mile wide). It was first occupied by Great Britain in January, 1841, and was formally ceded by the Treaty of Nankin in 1842. In 1861, the southern portion of the Kowloon Peninsula, on the opposite mainland, was added, and, in 1898, the New Territories, the whole of the large peninsula forming the southern part of the Kwangtung province, was leased from China for ninety-nine years to secure the defences of Hong-Kong. The whole colony comprises an area of about 391 square miles, with a population of approximately 670,000, five-sixths of whom live on the island. Ninety-six per cent of the population are Chinese, 3 per cent are natives of India, and the remainder are mainly Europeans, British merchants predominating.

Relief. Hong-Kong Island is composed of igneous rocks, granite, and basalts. Hill ridges, intersected by depressions or "gaps," traverse it from east to west, rising in Victoria Peak to 1,825 ft. Behind Victoria the grimness of the abrupt heights is softened by the brilliant green of the woods, planted in recent years by the Forestry Department. The New Territories contain peaks from 1,800 to 3,000 ft.

Climate and Vegetation. The climate is hot, but subject to great variations, the mean temperatures ranging between 40° and 90° F. During the winter months, November to March, the air is pleasant and invigorating, and the mean monthly rainfall is approximately 1½ in. Between May and September, the hot season, and the season of the South-West Monsoon, the rainfall is heavy, averaging over 13 in. for each month. Storage of water is necessitated by the seasonal rainfall. Successive superintendents of the Forestry Department have mantled the hills (once covered with grass, burnt yellow by the torrid sun) with great forests.

Industries, Communications, and Trade. The splendid situation for trade, and the facilities for obtaining raw materials and sending away finished products have given rise to shipbuilding, ship-repairing, cotton-spinning, rope-making (Mamulla hemp), tin refining, cement and paper-making, and tobacco preparation. Deep-sea fishing and granite quarrying are important. Formerly important strategically as commanding the approach to Canton, Hong-Kong, though strongly fortified, has lost nearly all its military value, and its importance now is as the headquarters of the British China Squadron, and as a commercial mart. Like Singapore, it is a great emporium for many products of China and the East, and is a free port with an exemption from Customs duties (except liquor and tobacco) and with freedom from all control or supervision, and from reporting its imports and exports. The chief articles of trade are sugar, flour, rice, cotton, cotton piece goods, silk, hemp, leather, tin, vegetable oils, fish, tea, wolframite, iron and steel goods, matches, camphor, coal, gunnies, ivory, sandalwood, salt, and earthenware. Hong-Kong is the doorstep of China, and is the principal distributing centre for European products in the Far East. Its fine harbour is frequented by ships of almost all nations, the total shipping per year approximating 24,000,000 tons. Most trade is with the United Kingdom, China, Japan, India, and Australia.

From Kowloon, a railway, of which 23 miles belong to the Government, runs to Canton, and a light railway connects Fanling with Sha-Tau-kok. Good roads connect the principal districts with the railways. When the railway line from Chang-sha to Canton is finished, Hong-Kong will be within twenty days' journey of London.

Government. Hong-Kong is a Crown colony. It is administered by a Governor, aided by an executive council of nine members, together with a legislative council of fourteen members. There is also a sanitary board, which controls all sanitary measures.

Trade Centre. *Victoria* (450,000), the capital, stretches along the northern shore of the island for about 4 miles, and rises in terraces up the sides of Victoria Peak. Between the city and the mainland is the harbour, which is one of the finest in the world, with a water area of some 10 square miles, and protection from all but the fiercest typhoons. It has fine public buildings, and excellent wharves for ocean liners and other vessels. Its docks and large workshops afford every requirement for the repair of large naval and mercantile ships. As a coaling port it ranks among the greatest.

Mails are dispatched weekly to Hong-Kong, the time of transit being twenty-nine days (For map, see CHINA.)

HONG NAME.—This is a mark in Chinese characters used by merchants in China, so that the Chinese can ask for the hong, or manufacture, which they like.

HONORARY.—An office or position is said to be honorary when there is no fee or salary attached to it. The payment made to a barrister—and the same was formerly true as to a physician—since he is supposed to give his services and cannot sue for his fees, is called an "honarium."

HONOUR.—In commercial circles this word signifies the meeting of some claim or obligation at the appointed time, e.g., the acceptance or the payment of a bill of exchange when it becomes due.

HONOUR POLICY.—Section 4 (h) of the Marine Insurance Act, 1906, states—

"Every contract of marine insurance by way of gaming or wagering is void."

Gambling policies of marine insurance had previously been prohibited by a statute passed in A.D. 1746, now repealed. Policies of life assurance, and it is alleged of non-marine insurance generally, are subject to a similar statute enacted in A.D. 1774.

Thus the civil courts will treat such a contract as if it had no existence. Every policy of marine insurance which is entered into in the absence of insurable interest (*q.v.*), or of a *bona fide* expectation of the subsequent acquisition of insurable interest is a gambling policy, and is, therefore, void and of no effect.

Prima facie, certain policies are deemed to be contracts by way of gambling on loss by maritime perils, and in respect of such "contracts" even if insurable interest, present or expectant, be demonstrated, the validity of the insurance cannot be upheld. Such policies are those which contain one or more of the following terms indicating that proof of interest will not be required by insurers on presentation of a claim, viz.: "interest or no interest," "full interest admitted," "without further proof of interest than the policy itself," or other like term. Except where there is no possibility of benefit of salvage to insurers, a policy expressed to be "without benefit of salvage" is

also deemed to be a wager policy. The attachment of perforated slips to the policy on which such phrases are printed, together with a statement that such slips do not form part of the policy and may therefore be detached before any action is brought under the policy, does not affect in any way the view the courts will take. It has been held that the time at which to ascertain the validity of any contract is the time of its execution, and no subsequent Act can confer that validity on a policy that it lacked at the outset. (In re *London County Commercial Reinsurance Office*, 1922.)

The Marine Insurance Act, 1906, deals only with the position of the policies in a court of civil law. The position of the parties to such contracts as misdeameanants is governed by the Marine Insurance (Gambling Policies) Act, 1909. This statute prescribes penalties on the parties to such contracts as are definitely wagering policies, and on persons, e.g., brokers who act as intermediaries in their negotiation. On conviction, the penalties consist of a fine not exceeding £100 and/or imprisonment with or without hard labour for a term not exceeding six months. No action can be instituted, however, without the consent of the appropriate law officer.

The employee of a shipowner, not being a master part-owner of the vessel, has no defence at all if he be guilty of effecting a "P.P.I." policy. Any other person may sufficiently answer a prosecution under the Act by proving that he had in fact an insurable interest, and before proceedings are commenced he is to be given an opportunity without prejudice to demonstrate that he was genuinely interested in a pecuniary sense—apart from the existence of the "gambling" policy—in the insured adventure.

In actual practice, "honour" policies—as "P.P.I." policies are usually designated—are freely effected on the market, where, for any of various reasons, it may be inconvenient or impossible for the assured to demonstrate either or both of the nature and extent of his interest. Such policies are civilly void, but no criminal liability attaches, for there exists a real, if somewhat indefinite, insurable interest. For example, news of a casualty to a vessel may reach the market and find certain underwriters carrying large lines. They may desire to relieve themselves of a proportion of their total loss liability at any price. In this connection there is available an "overdue" market, where at appropriate premiums, cover can be obtained against the chances of the vessel in distress becoming a total loss. Such insurances are invariably arranged on "P.P.I." terms. Moreover, certain shipowners' interests—usually insurances under the heading of "Disbursements," etc.—are insured by means of "honour" policies, but by the Institute Time Clauses (*qv*) the extent of such insurances is restricted to a maximum of 10 per cent of the insured value of the vessel.

In such policies, obviously there is no recourse to law available to enforce settlement: the assured must rely on the good faith of the insurers to meet any claim that may arise. For this reason it is that the "contracts" are designated "honour" policies. It is a truism to state that insurers fulfil their engagements under such policies most scrupulously, and look to the assured to do likewise. At law, there are, of course, no rights of subrogation to insurers in respect of honour policies, but where such documents are issued not containing the expression "without benefit of salvage to insurers," underwriters look to assured to concede to them

rights of subrogation, and frequently require subscription to an agreement to this effect.

HOP.—The *Humulus lupulus*, a plant with a twining stem, allied to the hemp and the nettle. Its bitter, aromatic principle is a golden yellow substance known as lupuline. The catkins containing it are used for brewing, the beer depending for its characteristic flavour on the lupuline. Kent, Sussex, Worcester, and Hereford are the chief centres of hop cultivation in England, but the home supply is supplemented by imports from the Continent and from America. Many varieties are grown, but the chief kinds met with on the market are the red hops having a delicate aroma, the green hops, coarser in flavour, and a white variety used largely at the present time for brewing. Hops are used medicinally for their narcotic properties.

HOP EXCHANGE.—The centre for wholesale dealings in hops, situated in Southwark Street, London, S.E. 1.

HORIZONTAL COMBINATION.—(See COMPANIES, AMALGAMATION OF.)

HORNBREAM.—A deciduous tree, the *Carpinus betulus*, valued for its white, tough wood, which is used for agricultural implements, cogs of mill-wheels, etc. The French hornbeam with a very white wood, is used extensively for making piano-keys, etc. Good charcoal is also obtained from it.

HORNS.—The hard excrescences, pointed but unbranched, which grow on the frontal bones of oxen, sheep, and goats. Horn is used in a variety of ways, cups, knife-handles, umbrella-handles, and ornaments being some of the chief articles manufactured from it. Great Britain's supplies come from India, South America, and South Africa. Care should be taken not to confuse horns with the antlers (*qv*) of deer.

HORSE-FLESH, SALE OF.—An Act was passed in 1889 to regulate the sale of horse-flesh for human food. Horse-flesh may be sold for human food only in a shop, stall, or place, upon which there must be, at all times painted, words indicating that horse-flesh is sold there. The words must be plainly written in letters at least 4 in long; the words must be conspicuous, both by night and by day, during the times that the flesh is exposed for sale. No seller of horse-flesh must sell horse-flesh to a customer who is asking for some other kind of flesh, or for a compound article not usually made of horse-flesh. For instance, if a customer asked for a pound of beef sausages, and the seller supplied sausages compounded with horse-flesh, the seller would be disobeying the Act and would be liable to punishment.

The following persons may inspect the premises of a horse-flesh seller, or any other seller of meat, at all reasonable times: The medical officer of health, the inspector of nuisances, or other duly appointed officer of a local authority. They may inspect and examine any meat which they believe to be horse-flesh and intended for human food, and if such horse-flesh is found upon the premises of any person who has no notice over the door or shop, as the Act directs, then the officers may seize such horse-flesh and carry it away, and make a complaint upon oath to a justice of the peace. Any justice of the peace may grant a warrant to any of the officers named above to enter any building, or part of a building, in which the officer has reason to believe that horse-flesh intended for sale as human food is kept concealed. The warrant authorises the officer to make a search, and to seize and carry away any

meat that appeals to be horse-flesh, and that is intended to be sold for human food, in any place where no notice, in plainly written letters at least 4 ins long, is put up as described above

If any person obstructs the officer when carrying out his duty, such obstruction will be treated as an offence and punished accordingly. If a justice of the peace considers that the meat seized was horse-flesh, he may order the disposal of the flesh in such manner as may seem desirable to him. The person upon whose premises the flesh was found will be held to have committed an offence, unless he can satisfy the justice that the horse-flesh was never intended by him to be sold and eaten as human food.

The penalties inflicted under the Act are: For every offence against any provision of the Act, a fine not exceeding £20. The term "horse-flesh" shall include the flesh of asses and mules, and shall mean horse-flesh cooked or uncooked, alone, or mixed with any other substance. The local authorities who are to administer the Act are: The Public Health Department of the City of London, the Metropolitan borough councils, the borough councils, the urban and district councils, in England, Wales, and Ireland. In Scotland, the local authority is any local authority authorised to appoint a local analyst under the Sale of Food and Drugs Act, 1875.

Licences are granted to knackers by county borough councils and urban and rural district councils. No person may keep any house or place for the purpose of slaughtering any horse, mare, gelding, colt, filly, ass, mule, bull, ox, cow, heifer, calf, sheep, hog, goat, or other cattle, which shall not be killed for butchers' meat, without first taking out a licence for that purpose. The knacker must produce evidence of good character, under the hands and seals of the minister and churchwardens or overseers. The licence remains in force for one year, and, if the knacker dies, his widow may carry on the business under it. Licences are not required by the following persons: Curriers, felt makers, tanners, or dealers in hides, who may purchase any of the above-named animals for the purpose of curing their hides, or for using any part of the animals in the course of their business; farriers engaged to kill aged or sick cattle; any person who kills or purchases any of the above-named cattle to feed hounds or dogs.

HORSEHAIR.—Hair obtained from the manes and tails of horses, the latter sort being the more valuable. The short hair is used for stuffing mattresses, furniture, etc., while brushes, hair-seating, sacking, etc., are made from the long variety. The largest supplies of this commodity come from Russia.

HORSE POWER.—This is the standard in use for estimating the power of a steam-engine. According to the theory put forward by Watt and Boulton, it is the force which is required to raise 33,000 lbs avoirdupois through 1 foot in a minute. More recent calculations have made it clear that this estimate is too high, but no change has been made in the standard yet.

HORSE-RADISH.—The *Cochlearia Armoracia*, a plant cultivated in Britain and in Germany for its root, which has a hot, pungent taste owing to the presence of a volatile oil. It is a popular condiment with roast beef when scraped, and is useful in medicine as an anti-scorbutic.

HORSES.—Germany supplies the largest number

of live animals imported by Britain, while the largest number of hides come from South America, particularly from the River Plate district. The United Kingdom also does an export trade in horses. Horsehair has been dealt with separately.

HORSES: THEIR SALE, PURCHASE, AND HIRING.—There are two ways of acquiring right or title by purchase in the case of horses, as of other personal chattels. The sale may be either in open market, known in law as market overt (see title), or may be by private contract. Also horses may be sold under the ordinary rule that the buyer must protect his own interests by discovering for himself defects in the article he purchases, and must not expect the seller to disclose them voluntarily. (See *CAVEAT EMPTOR*.) In this case the seller's only obligation is not to deceive the buyer by false representations or by using fraudulent means of concealment, but, further than this, the seller may give an assurance to the buyer, called a warranty, that the article is free from such or such defects. We may, therefore, consider the sale of horses under the three heads of market overt, private sale, and warranty.

1 **Market Overt.** The law of market overt is based on the need for protecting innocent purchasers of goods that have been stolen, in which case the purchaser does not obtain a good title to them against the true owner, who seeks to recover them. This protection was found particularly necessary in the days of Philip and Mary, and Elizabeth, in the case of horses, horse stealing being then a very common offence. Though purchase in market overt generally gives the purchaser a good title to the goods, the statutes passed in the reigns just mentioned lay down particular directions for the sale of horses in market overt or fairs, and these directions must be followed, or the sale will be void if the horse sold was a stolen one. The true owner is entitled, no matter how long after the sale, to seize the horse whenever and wherever he may happen to find it, or may bring an action to recover it.

These directions are—

(a) The horse shall be openly exposed, in the time of such fair or market, for one whole hour together, between ten in the morning and sunset, in the public place used for such sales, and not in any private yard or stable.

(b) It must then be brought by both the seller and the buyer to the book-keeper of such fair or market.

(c) Toll must be paid if any is due, and, if not, one penny to the book-keeper.

(d) The book-keeper shall enter down the price, colour, and marks of the horse, with the names, conditions, and abode of the purchaser and seller, the latter being properly attested. If the seller's name is falsely entered, this makes the sale void.

Even a sale strictly under these regulations does not take away the property of the owner, if (a) within six months after the horse is stolen he puts in his claim before some magistrate where the horse shall be found, (b) within forty days more proves it to be his property by the oath of two witnesses, and (c) tenders to the person in possession such price as he *bona fide* paid for him in market overt.

But the magistrate cannot order the horse to be restored to the owner without actual proof of its having been stolen, and if he grants a warrant against the person accused of stealing it, this alone does not entitle the officer armed with a warrant

to take the goods out of the possession of the *bond fide* purchaser.

The buyer must prove that the requirements of the statutes have been complied with if he is to resist the demand of the owner.

In a case in 1873 a mare had wandered from a park, and was sold by the "pinner" in market overt to the plaintiff Moran. The defendant Pitt took possession of it, alleging it had been stolen. Moran was held not entitled to sue Pitt for damages or recovery, as he could not prove the formalities had been observed (*Moran v Pitt*, 42 L.J. Q B 47).

It will, of course, be understood that the buyer can claim the protection of the law as to market overt, even though the formalities above described have all been strictly observed, only if he has bought the horse in good faith and without fair reason for believing that it was stolen.

2. **Private Sale.** The law is the same for the sale of horses as for the sale of other goods, and thus the Statute of Frauds applies, and especially by the Sale of Goods Act, 1893 (56 and 57 Vict. c. 71), the law applicable to the sale of all goods covers the sale of horses. A clause in this Act provides that, as regards market overt, the rules for the sale of horses under the statutes before-mentioned shall not be affected. The result, therefore, is that as these rules, by their added strictness, largely take the sale of horses out of the general law of market overt, the law of the sale of horses becomes mostly the law laid down for other goods by the Sale of Goods Act, 1893. (See SALE OF GOODS.)

3. **Warranty.** When a warranty is given as to a horse, the effect of it is that the buyer has the right to sue for any damages caused by the horse not being according to warranty, not to treat the transaction as no contract. A warranty rarely ought to be given, as questions of soundness or unsoundness or of vice, that is, bad habits, are exceedingly liable to lead to litigation. If the purchaser insists, it can be worth the risk only in the case of a valuable horse, which would fetch much more with a warranty, and a veterinary surgeon should be employed. Even then, the terms "sound" or "unsound" are so disputable, that the surgeon's certificate would best take the form of a description of the condition of the horse, thus leaving the purchaser to judge for himself on a skilled statement of the facts. And the purchaser gets no warranty except the implied warranty of title, in the Sale of Goods Act, that the seller has the right to sell. No warranty as to quality or fitness for any particular purpose goes with the sale of a horse, unless something has taken place between seller and buyer from which this can be inferred: for instance, if the buyer asked for a horse to carry a lady or to drive in a carriage, and the horse was vicious or had never been in harness. The purchaser must otherwise have an express warranty if he would protect himself against hidden defects by suing the seller for damages.

A warranty may not be in any particular form of words, and it need be either oral or in writing. If the seller represents that the horse is sound, or fit for a particular purpose, or is quiet or free from vice, and so on, he has given a warranty on those points. But there must be a definite undertaking; not the mere expression of an expectation or estimate. The warranty may be qualified so as not to be completely general, e.g., the buyer may say: "I never warrant, but the horse is sound to the best of my knowledge."

In a case where these words were used, the purchaser was held entitled to damages on the warranty, when he proved that the seller knew of an unsoundness. Where the warranty is quite general, it would be indifferent whether the seller knew or did not know of any defects. A general warranty, however, would not cover such patent defects as the loss of an eye or lack of the tail, but blindness or defect of vision would not be such a case, as it may not by any means be patent.

On breach of warranty, as this does not dissolve the contract, the buyer cannot return the horse except on the ground of fraud. He must abide by his bargain, and either claim on being sued for reduction of price, or himself sue on the warranty for damages. If, however, the horse has been supplied for a particular purpose, the buyer is entitled to keep it long enough to try it for that purpose, and if it does not answer, he must return it without delay; and he must not do anything which implies acting as owner of it.

A number of cases have decided what may be done generally if there is a breach of warranty. The buyer may offer to return the horse to the seller. He should do this as soon as the breach is discovered, and thus entitle himself to be paid for its keep. If the seller agrees, the contract is at an end. On refusal, the horse should be sold promptly by public auction. To avoid dispute as far as possible, the buyer who does not offer the horse back should at once give notice to the seller of the breach.

To set out all the various complaints, diseases, defects (whether of structure, temper, or habit), which constitute unsoundness or vice, would be to write a treatise on the horse. It is not necessary that, whatever the disorder may be, it should be permanent and incurable. The general rule for unsoundness has been laid down to be as follows: If, at the time of sale, the horse has any disease which either actually does diminish the natural usefulness of the animal, so as to make it less capable of work of any description; or which in its ordinary progress will diminish the natural usefulness of the animal, or if the horse has, either from disease or accident, undergone any alteration of structure that either does at the time, or in its ordinary effects will diminish the natural usefulness of the horse, such horse is unsound (*Kiddell v. Burnard*, 1842, 9 Mee. and W. 668).

This test of natural usefulness is applied to the case of vice or bad habit. It must show itself in the horse's temper, or be so injurious to its health as to impair its usefulness.

The Hiring of Horses. (1) *The Lender.* The lender warrants a horse hired for a particular journey to be fit and competent for it. He is responsible for defects in the horse which make it unsuitable to lend to any particular person for a particular purpose, if through its unsuitableness the person borrowing is injured. He must not conceal defects, such as being vicious and unmanageable, from a person not aware of them, so as to make the horse dangerous to a person who does not expect to have to use more than ordinary care and skill. The lender cannot require more of the borrower than ordinary care and skill. Unless there is some understanding between lender and borrower, the lender lends the horse only to be used by the borrower himself and not by anyone else, as, for example, the borrower's servant. If the borrower allows any other person than himself to use it, he is liable to the lender for any accident that may happen to

it. Such an understanding would arise if the lender lent the horse to be tried, intending to sell it to the hirer. If the lender sends out a servant of his own with the horse or with horse and carriage, he takes the responsibility on himself. Thus applies, too, where third persons are injured, and the lender is responsible to them. Yet in some cases the circumstances might be such that the driver, though he was in general the servant of the lender, would on the particular occasion be held to be under the direction of the borrower, who would, in consequence, be responsible. Thus, the borrower might insist on driving himself or taking the management, and even if the driver independently commits some action which injures another without the borrower interfering, the latter might be equally liable.

(2) *The Borrower*. The borrower is bound to treat the borrowed horse as if it were his own, and, if he does so, he is not responsible for injury to the horse. He must return it at the stipulated time, he must not use it differently from his agreement; as, for example, by going out of the usual road, or he will be liable for any injury happening in such a case. Otherwise, he is only responsible for negligence. Suppose the horse falls and breaks its knees; the lender does not prove sufficient to enable him to obtain damages by showing that the horse was not in the habit of falling. He must show the horse fell because the borrower's negligence caused it. If without negligence on the borrower's part the horse falls lame, the borrower may leave it at some proper place, and give notice as early as possible to the lender, who must send for it. The borrower is not liable for the hire of the horse, nor, if he gives this notice, for loss of the horse's services to the lender. If the horse is driven after being exhausted, the borrower will be responsible for the injury to it; but he is not liable for the expense of curing the horse if it falls sick on the journey without the borrower's fault. In such a case he should call in a veterinary surgeon, or he may be liable for improper treatment, or for non-treatment. He is, of course, responsible for his servant while acting in the ordinary course of his duty, but not for damage done by a stranger without any negligence of his own. The borrower is responsible for negligence whereby third parties are injured, except where the lender is in control in the circumstances mentioned above. If two or more persons borrow horses and carriages, they are all liable for any such accident; but the borrower alone is liable if the others are passengers.

Lien on Horses. A horsebreaker is, like any other person, liable for want of skill or negligence in doing what he has agreed to do. Concurrently with the responsibility, he has also the usual lien as security for payment of his services. (See **LIEN**). The trainer of racehorses has also a like lien, but if by usage of contract the owner may send the horse to run at any race he chooses, and may select the jockey, the trainer, since he has not the right of unbroken possession of the horse, does not acquire a right of lien (*Forth v. Simpson*, 1849, 13 Q.B. 680). An owner of a stallion has also a lien on the mare sent to be covered.

HOSIERY.—Originally stockings or other coverings for the legs, but now applied to under garments of all sorts. Great Britain does an active export trade in these articles, the chief seats of manufacture being Nottingham, Leicester, and Hawick.

HOTCHPOT.—This is a term which is frequently—almost invariably—found in marriage settlements, and the insertion of the clause relating to hotchpot is for the purpose of requiring a child or children who receives or receive any particular benefit to bring into account the sum so received when the trust is finally disposed of. (See **MARRIAGE SETTLEMENTS**.)

HOTEL KEEPERS' INDEMNITY.—A form of public liability insurance issued to hotel proprietors in respect of their liability for claims made on them for injuries to their guests or the public by the negligence of employees or by reason of defects on the premises. The policy is usually extended to cover the risk of claims for illness alleged to be due to food or drink supplied at the hotel.

HOUSE AGENT.—(See **LANDLORD AND TENANT**.)

HOUSE AGENTS' INDEMNITY.—An insurance issued to house agents in respect of their liability (or that of their principal) for claims brought by tenants or members of the public for injuries received in consequence of any defects in the property under their control. The policy is frequently extended to cover accidents caused by "to let" boards.

HOUSEBREAKING.—(See **BURGLARY**.)

HOUSEHOLD INSURANCE.—(See **COMPREHENSIVE HOUSEHOLD INSURANCE**.)

HOUSE ORGAN.—The description *house organ* is applied to publications of so widely varied nature, that any definition of the term must be fairly broad in order to include them all. The primary idea, however, from which there are many departures, is that of a magazine or paper of special interest to the members and employees of a firm or corporation.

This kind of production is usually built up on the lines of an ordinary bookstall periodical, but nearly all the contents are linked in some way or other with the firm and its interests. The links are of two kinds: authorship and subject. Stories and articles of a general nature may appear that in themselves have no connection with the firm or its business, but are contributed by members or employees. The link of subject is more obvious and more personal. Character sketches, social information and similar matter, dealing with directors and members of the staff, appear, as well as news about their exploits in sports and contests.

In a large business there are usually some persons to be found who have ability at writing and editing, and many organs, almost entirely the work of these amateurs, are really clever and interesting productions.

The house organ, however, viewed as a copy of the ordinary magazine, is always run at the disadvantage that the editor must observe the policy of the business. He may be given an entirely free hand, but he will scarcely feel at liberty at any time to adopt a line that runs counter to that of the firm's policy. The ordinary editor keeps both eyes on his readers, but the editor of the house organ must keep one of them on the directors.

Some organs of this kind are controlled by the directors, who may even employ a professional editor and encourage him to purchase outside contributions. Others, again, are manifestly staff efforts, although financially assisted by the firm.

The value of this kind of internal organ is that it assists to create a corporate sense in a business, and link the different departments and workers together.

House Organs for Publicity Purposes. During recent years the house organ has become increasingly recognised as a useful medium of advertisement. There are several reasons for this. One of these is the growing realisation that the retailer who sells the goods to the public can become interested in the firm from which he purchases them. The house organ is thus soon to be a means of extending the corporate feeling to those who, though not employees, are yet necessary to the firm for the distribution of its goods.

This kind of advertising makes the policy of the editor a little more difficult, as the dominant keynote must be changed, without depriving the paper of its purely local interest. Greater care and attention has to be devoted to those features which constitute selling points and which assist the representative when he calls. The personal news, too, must be presented with the thought of a wider public well in mind, and rather more space given to Mr Jones, the traveller, whom the customer sees once a month, than to Mr Brown, the works foreman, whom he never sees at all. The space previously devoted to the factory football team may need to be reduced in order to allow room for information on the chemists' research department, which will advertise the purity of the goods and the care used in their manufacture.

A yet wider application of the house organ to publicity purposes is to produce a paper that can be sent to members of the general public. But this is not yet a development that has any great place in this country. Special overtures, however, in the form of booklets (which see) are frequently made.

Where a firm does business among a rather restricted number of clients but needs to keep its name before a larger circle of possible clients, the house organ is frequently found to be an excellent advertising medium. An advertising agent, for example, may be very thriving and prosperous and yet have no more clients than he can count on his fingers, but he dare not let things go at that. Definite overtures to firms already served by other agents may be of doubtful etiquette, but the issue of a house organ is entirely different and may ultimately secure the client who desires to make a change.

The House Organ as a Directors' Manifesto. Some directors and controllers of business firms recognize the house organ as an excellent medium for getting their wishes or policy understood by the workers. Obviously, where this is done, the official voice must be very tactful or the resulting lack of interest among the readers will destroy the usefulness of the paper.

The House Organ as an Aid to Sales. One very interesting application of the house organ to business purposes is when it appears as a special overture to the firm's salesmen. In this way it can be a periodical letter of the firm to the selling staff, arranged in a non-formal manner. Here again editorship must tread a somewhat difficult line between disciplinary talk on the one hand and loose generalities on the other. One large firm has found such a magazine of very great value, by instituting competitions of the "Who sells the most goods next week?" kind, and by giving information largely derived from the salesmen's reports on matters likely to be useful to others.

House organs are not necessarily printed productions. One of the various kinds of duplicating

machine can be used not only for typescript, but also for pictures and designs.

School Magazines. House organs in the broad sense are not confined to business firms. Probably among the earliest works of this kind were the magazines of schools and colleges. The production of many of these has been the work of young people who later on have taken important places in the literary and journalistic life of the country.

HOUSE TELEPHONES.—No up-to-date office can be considered complete without means of intercommunication between the various departments. It is a strange fact that many large and, in other respects, up-to-date offices and factories—expensively fitted and equipped with all kinds of up-to-date appliances and labour-saving and time-saving machines—have little or nothing to save the valuable time of highly-paid executive officers and departmental heads.

There are in vogue several methods of intercommunication. First of all there was the hand-struck gong, which the manager sounded when he required to see certain officials. Then there was the blow-pipe or speaking tube, but it was found to be insanitary and very unsatisfactory in many respects. Another method is the provision of an electric bell in the outer office, which is connected with a small bell-push on the principal's desk, there being a recognised code of signals (e.g., one ring for the typist, two for the chief clerk, three for the messenger, etc.). If there are several chiefs using bell signals, each bell communicates with an indicator in the general office, on which indicator a disc (previously assigned to the particular official who has rung) falls down. This method is, of course, useful only as an indication that the chief requires someone to go into his room, and much time and unnecessary passing in and out will be saved by the adoption of telephony, which enables the message to be spoken direct from office to office. The first office or house telephone had the ordinary extension lines, with a switchboard and a special operator. This had all the shortcomings so often attributed to the public telephone—long periods of wasted time while the required number was being obtained, with the resultant irritability and "phone language." Then came another type of house telephone, which was worked by twisting a pointer round to a certain number representing the office required, and pressing a button which rang a bell or buzzer at the other end. Within recent years, great strides have been made in the matter of perfecting "inside" telephone systems, and now the chief executive of an organisation can be placed in absolute control of every division and section of that organisation in the most direct and efficient manner that human ingenuity has yet been able to devise. A few notes on some of the latest systems follow, and from the brief descriptions given, it will be seen that they have a very wide sphere of usefulness and well merit the careful consideration of all business organisers.

Dictograph. The Dictograph is a system of intercommunication which gives the manager real personal control of a large business concern. It is one of the most recent developments in telephony as applied to business management. Briefly, it is a telephone which will *liberate the spoken word so that it may be audible in any part of the room in which the apparatus is placed*. This telephone, also, may be spoken to from any part of any ordinary office or room, so that there is no need to remain

at the instrument whilst carrying on a conversation. The Dictograph does its duties practically without manipulation, with a minimum loss of time and the maximum of efficiency. It will enable the governing head of a business to speak to one or more departments simultaneously, and a conversation may be carried on between several people as if they were conferring in the same room, all being able to hear what the others are saying under the Master Station control.

The auxiliary stations are called Dictograph sub-stations. The Master Station has a circuit whereby a signal lamp lights upon the sub-station called, showing it that a principal is desirous of speaking. Should a sub-station already be talking through another sub-station the executive principal would, of course, be given preference and priority of call. All communications from a Dictograph Master Station to any of the sub-stations are secret; no third party can "butt in" on the line or overhear a conversation. Should another telephone call the Master Station whilst a conversation is already taking place the sub-station calling operates a shutter and buzzer at the Master Station, thus showing who is calling, but no conversation is possible until the Master Station throws the proper key below the operating shutter. If the Master Station does not wish the existing conversation interrupted by the third party's buzzer signal, he can stop the annoyance of the buzzer by a small switch in front of the Master Station. The Dictograph also assists in the dictating of correspondence. There is no need to have a stenographer in the room. The shorthand writer need not leave her desk, and has both hands free to take her notes or even operate her machine at the same time as a letter is dictated to her. All the while the person dictating is free to move about the room, or to refer to documents or files in exactly the same way as if the shorthand writer were at his hand.

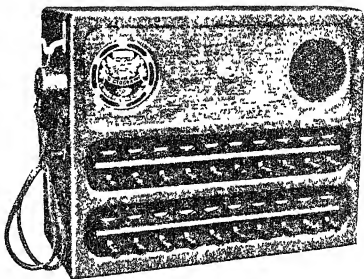
Two more points should be mentioned, first, in the event of anyone else being present when a message comes in, a small ear-piece fitted to the instrument may be taken from its hook and applied to the ear. This will immediately put the "loud-speaking" device out of action, and the message can then be heard only by the person for whom it is meant. Secondly, a small attachment may be fitted which will register calls made on the Master Station during the principal's absence, so that, on returning, he may ask the relative departments what they wished to speak about.

The "Junior Dictograph" is a small outfit of the Dictograph Interconversing System, giving the same privileges to the user of the Master Station when communicating with other sub-stations. The "Junior" outfit has been designed in response to requests from individuals and organisations whose communication requirements are not large enough to necessitate the adoption of the larger system described above, but who, nevertheless, desire to use the Dictograph principle of sound transmission.

The Dictograph Interconversing System is automatic in action, thus eliminating a switchboard, and its operator's expense.

"New System" Telephones. The "New System" service includes a number of special and unique features. The standard instrument is the "Admiralty" automatic inter-communicating telephone, either wall or desk type, but there are various adaptations, desk instruments, etc. A

very special feature about the system is that it is installed on a rental basis; the company does all maintenance, renewals and repairs for a small quarterly rental, and guarantees an efficient service for many years. The wall telephone is generally used for providing full "automatic" inter-communication between any number of points, and is made up in a complete range of sizes from four keys and upwards. Opposite each button an engraved departmental (ivory) name-plate is fitted, and the depression of the appropriate key automatically and instantaneously selects and rings the desired station in one operation. Two or more stations can also be brought on the line simultaneously, and a three-cornered conversation can thus be carried on. When desirable, provision can be made on these sets whereby principal officials can, at will, isolate their instruments from the rest



DICTOGRAPH MASTER STATION—20 KEYS

of the system and carry on confidential conversation entirely free from "third-party" interruption. The secret control buttons are made in distinctive coloured materials and appropriately labelled for works, warehouses, etc., where officials are often absent from their offices, visiting various parts of the premises, a "round call" signalling system has been devised. A distinctive coloured "round call" signal button is fitted on each phone. The calling party, finding that there is "no reply" from the desired party's telephone, depresses the "round call" signal key and sends out a pre-arranged code signal which *sounds* simultaneously in every part of the premises. The wanted person, recognising his signal, proceeds to the nearest phone and, by depressing the "round call" reply button, is automatically connected to the person who is calling him. The "round call" is also valuable as a fire-alarm signal. The "New System" telephone sets may be obtained fitted with visual indicators, these being of considerable value to a principal, showing, as they do, which of the telephone lines are "engaged" and which line is calling him.

Relay Automatic Telephone System. This, the proprietors point out, has been designed to supply the great demand for a system of telephones which is secret, reliable, quick in action, economical, and does not readily go wrong. The system consists of telephones with calling devices, the exchange switchboard, and the wiring. To the ordinary pattern telephone at present used is attached a

dial switch, by means of which any desired number may be selected. It consists of a circular plate with ten holes, through each of which a number is seen, the numbers being consecutively "1" to "9" and "0". The exchange switchboard is made up with relay units mounted on an iron rack. The relays used are of a type evolved by many years' experience, and after careful adjustment they seldom require further attention. In addition, they are fireproof, dustproof, and do not require oiling or cleaning—an important point, especially in private installations. Among the advantages of the "Relay" automatic telephone system may be mentioned the following: It needs no operator, the apparatus is always ready for use, the annual charge is low, absolute secrecy and freedom from overhearing, impossibility of connection to an engaged line, reliable "engaged" signal, simplicity and flexibility, additions to the installations can be made at any time without interrupting the service or affecting the existing apparatus, additions to the installations do not prevent each telephone from having unrestricted access to every other telephone in the installation; high speed of operation.

"Select-O-Phone" System. This system gives many facilities which are undoubtedly of very great advantage in a large business organisation. It provides a combined automatic interior telephone and a general, or factory, calling service. The general calling service, when combined with the Select-O-Phone automatic telephone service, provides a means of instantly locating and connecting with a desired person anywhere in a building. It is not necessarily a part of the Select-O-Phone system, but the many advantages it offers makes it a valuable adjunct, especially for factories or large institutions. Its omission in no way interferes with the telephone service, as rendered by the Select-O-Phone, and it need not be installed unless desired. Provision is made in every system for its addition at any time. The telephone service consists of an automatic switchboard and telephone instruments. It has an ultimate capacity of thirty-three direct lines and two extensions for each line. All of these are intercommunicating with each other. Party lines are used for varying reasons, but for an executive's assistant and others carrying on business of a similar nature together, a party line with code signalling is invaluable and preferable to separate direct lines. An unusual feature is the unlimited talking service, *e.g.*, any number of conversations may be carried on secretly, simultaneously, and without possibility of interruption, at the same time that other conversations are being carried on over both the general call and conference lines. The Select-O-Phone is built throughout on the unit plan. One of the chief objects, kept continually in mind in its development, was to design a system that would be flexible—one, the first cost of which would not be prohibitive to the user who required a small number of stations; but, at the same time, a system that could be added to, as requirements demanded. The standard desk instrument, including bell box containing the wire terminals, is practically identical in size and appearance with the usual desk telephone, used for city service, except that it contains the numbered (or directory) dial, with which the desired connection is obtained, without the services of a switchboard operator. To operate, the dial is turned to the number (or name) desired, the receiver lifted, and

the ringing push button (located at the base of the instrument) depressed. The operation of the dial and the automatic switchboard complete the connection. When conversation is finished, the receiver is replaced on the hook. This breaks the connection and leaves the line ready for further use. The push button is also used for code signalling, and for sounding general call signals, when the call service is used.

HUCKABACK.—A coarse, soft fabric, generally of linen, much used for toweling. It is usually figured like damask.

HULK.—This is the name given to an old ship which is no longer fit for service and is made use of as a place for storing goods, etc.

HULL.—The body of a ship as distinguished from its masts, spars, rigging, etc.

HUNDRED WEIGHT.—One of the terms of avoirdupois weight, and generally expressed in written language by the abbreviation "cwt." It contains 112 lbs., and is subdivided into four equal parts of 28 lbs. each, known as quarters. The French hundred weight, called a quintal, contains 220 46 lbs., and the German one, called centner, is equal to 110 23 lbs.

HUNGARY.—Position, Area, and Population. The Republic of Hungary, roughly an oval, the greatest length of which is from east to west, is bounded on the south by Yugo-Slavia, on the west by Teutonic Austria, on the north by Czechoslovakia, and on the east by expanded Rumania. Its territories have been decreased greatly from the area of the former Kingdom of Hungary, through the transfer of Transylvania to Rumania, Croatia, and Slavonia to Yugo-Slavia, and Slovakia and Ruthenia to Czechoslovakia. The area of the State is 36,179 square miles, with a population of 8,200,000, of whom 83 per cent are Magyars. Territorial changes have deprived the country of its coast-line, and most of its forests, salt, iron ore, gold, and bituminous coal, but it is racially homogeneous. The predominant race, the Magyars, are the descendants of the Asiatic horse-riding, pastoral race, who made their way across the Russian steppes and the Carpathians into Hungary at the end of the ninth century. There is no middle class, and the peasantry and aristocracy, largely dependent on agriculture, rely upon the Jewish element for their trading organisation. The Government is a Republic with a Governor and a single chamber National Assembly, elected by universal suffrage. All religions are tolerated, but Roman Catholicism claims the greatest number of Magyars.

Relief. Hungary consists of a great part of the south-eastern European plain through which the Danube flows in its middle course, after passing through the mountain system of the Little Carpathians and before breaking its way through the Kazan defile and the Iron Gates, which separate the Transylvanian Alps from the Balkans. The Alföld, or plain of the Middle-Danube-Tisza, has an average elevation of less than 350 ft., and is in the main a typical undulating grassland on deep alluvial soil and sand with low sandhills in the north and numerous lagoons diversifying in parts the prairie-like pusztas. The land between the Danube and the Tisza, known as Kumana, is especially broken by innumerable lagoons, some of them of considerable size. West of the Danube stretches the hillier part of the country, and here is found, some 30 miles from Budapest, the shallow Lake Balaton (250 square miles, 50 miles long, 10 to 13 ft deep),

with much marsh-land in its immediate neighbourhood. Beyond the lake extends the rather low upland of the Bakony Forest. Only in scattered areas does the land rise to hills of any height, as in the angle of the north-eastern bend of the Danube, where the elevations approach a height of 2,000 ft. In the extreme north-west lies the fertile Little Alfold plain. Like a calm ocean, the treeless pusztas stretch away into infinity, their smooth monotony relieved here and there by sand hillocks and lagoons. Once the home of large numbers of live stock, they are now mainly agricultural areas.

Climate, Vegetation, and Fauna. The climate is continental—hot summers, and severe winters—the temperature ranging from 29° to 70° F. Most of the rain (20 to 24 in. per year) falls in summer, the moisture being drawn in off the Black Sea to a low-pressure centre over the sandy plains. The planting of acacia trees to bind the shifting sands between the Danube and the Tisza has lessened the evils of sandstorms, and enabled agriculture to be established, and dykes and drainage schemes are slowly mastering the river floods. Hungary is essentially a grassland. Its forests cover only 280 square miles, and trees are few except where they have been planted about the towns and villages. The fauna resembles that of Austria.

Industries. Agriculture. Until the middle of the nineteenth century, Hungary was mainly a pastoral land, over which numerous cattle, horses, and sheep wandered, but now most of the land has been taken into cultivation, so that the country is predominantly an agricultural state. Lack of capital and transport difficulties prevent largely the practice of intensive cultivation, and farming methods are somewhat old-fashioned. Large estates are gradually being divided up, and a progressive policy is being adopted. The chief crops are wheat (3,600,000 acres), maize (2,500,000 acres), barley (1,050,000 acres), rye (1,700,000 acres), oats (750,000 acres), potatoes (820,000 acres), sugar-beet (170,000 acres), grapes (550,000 acres), and tobacco. In several parts of the country there are notable vineyards, especially in the north-east on the hilly country of the Upper Tisza, which supplies the long-famous 'Tokaj' wines. Fruits—apples, pears, plums, apricots, and melons—are grown in large quantities. Animals are still reared in large numbers (900,000 horses, 1,920,000 cattle, 1,900,000 sheep, and 2,633,000 pigs). The fisheries on the Danube, Tisza, and Lake Balaton are important.

Mining. The mining of lignite in the Bakony Forest area, to the west of Budapest, is in a prosperous condition, 8,000,000 tons being raised annually, an amount sufficient for local needs. With the exception of the Pécs mine, in the south-east, there is no bituminous coal whatever, and this commodity has to be imported. A little iron ore, found near Szeged, represents the remaining mineral wealth.

Manufactures. Hungarian manufactures are increasing, but are still on a small scale. The chief are beer, alcohol, sugar, textiles, hemp, flax, iron and steel, leather, agricultural machinery, flour, electrical motors, electric glass bulbs, and railway wagons. Industrial concerns generally are in the control of Jews.

Communications and Trade. Transport facilities are poor, and capital is lacking for the necessary improvement. The roads in Budapest and in the large towns are from fair to good, but those connecting the different trade centres are usually bad,

mostly unsuited to motor traffic and only usable for local horse and ox-spanned vehicles, while the byways, dusty in summer and boggy in winter, are worn tracks across the pusztas. Though Hungary possesses 5,821 miles (1,877 State) of railway—mostly single track—it lacks a sufficiency of rolling stock, and grain is sometimes held up for a considerable time. Many of the railways are over-staffed and run at a loss, and electrification of the lines has not passed beyond plan-making. The Orient Express route crosses the country from north-west to south-east, and from Budapest lines radiate in all directions—to Vienna, Fiume, Belgrade, Bukarest and Lemberg (Lwów). Two lines run from Budapest to Bukarest—one through Kecskemét, Szegedin, Temesvár, the Teregoava Pass (Porta Orientalis), and the Iron Gates, the other by Nagyvarad (Grosswarden), Kolozsvár (Klausenburg), Brasso (Kronstadt), and the Tomos Pass. River communication (nearly 700 navigable miles) is chiefly along the Danube (an international waterway) and Tisza, which are both navigable throughout Hungarian territory. Steamers ply down the former river to Belgrade, and up-stream to Bratislava and Vienna. Freight can be carried for only eight months of the year, the rivers being frozen in the winter months. There are 6,000 miles of telegraph line.

The trade of the country is hampered by the delayed restoration of full railway facilities, by the political relations existing between Hungary and those of the neighbouring states which profited so greatly by its territorial diminution, and by government interference (a lessening factor). Most trade is with Austria and Czechoslovakia, then follow Rumania, Yugo-Slavia, Germany, Switzerland, Italy, France, Great Britain, Poland, and the United States. The chief exports are flour, animals, machinery, wine, meat (fresh and preserved), wool, feathers, eggs, sugar, poultry, corn, and hides, and the chief imports are textiles (cotton and woollen), wood, coal, tanned hides, paper and paper goods, raw metals, machinery, iron and steel goods, mineral oil, soap, colonial wares, tea, and coffee.

Trade Centres. Over one-seventh of the entire population of Hungary lives in Budapest, and the extent to which the country is agricultural is indicated by the fact that but two other of its towns have populations exceeding 100,000. Many of the towns are collections of villages, stretching for long distances on the plain, with no town organisation nor town buildings—a result of the need of defence in past times.

Budapest (1,200,000), the capital, and commercial and industrial centre of Magyana, consists of two parts, Buda and Pest, incorporated into one city in 1873. They are separated by the broad Danube and connected with each other by six fine bridges. Buda, on the hilly right bank, is a city of mediaeval memories and of aristocratic stateliness; Pest, on the flat left bank, is a modern industrial and commercial town. Budapest is the chief railway centre, the centre of the grain, cattle, and wine trade, and the greatest route centre of the Hungarian Plain. Its industries include flour-milling, brewing, distilling, engineering, shipbuilding, and the manufacture of wine, glass, tobacco, china, carriages, leather, and fancy goods. To the Danube it is indebted for the importance of its trade, and the beauty of its situation. As the capital of a reduced Hungary its future will be of less importance.

Szeged (*Szegedin*) (120,000), on the Tisza, close to the point at which that river passes into Serbia, nearly 100 miles from its confluence with the Danube and at the junction of railway communication with that country and Rumania, is the principal commercial centre of the Alföld, and carries on a considerable trade both by rail and by river. It manufactures paprika, the red pepper peculiar to Hungary.

Debrecen (104,000), is at a meeting-place of routes in the north-eastern part of the Alföld, known as the Hortobágy puszta. It is the great market centre for the northern Alföld districts, and a great centre of the Hungarian cattle-rearing and horse-breeding. Four fairs are held annually.

Kacsahéti (73,000), situated about 50 miles south-east of Budapest, is in a district celebrated for its apple and apricot orchards and vineyards, and has important cattle and wheat markets.

Győr (50,000), in western Hungary, is an interesting old town.

Other towns are *Hódmező-Vásárhely* (61,000), *Miskolc* (57,000), *Ujpest* (57,000), *Kispest* (51,000), and *Pécs* (48,000).

Budapest is distant 1,126 miles from London, and the time of transit is two and a half days.

(For map, see article on AUSTRIA.)

HUNTING.—There is a distinction that has been made, in old and modern law cases, between hunting foxes or otters, or other animals killed as vermin, and hunting them for the amusement of the chase. In the former case, being intended to be exterminated, it was held that their hunting was beneficial to the State, because they are noxious in themselves. Therefore, it was said they might be hunted even into the lands of another without trespass. This was laid down as far back as the reign of Henry VIII by many cases. The only restriction imposed was that no more harm must be done than is necessary to kill the fox or other vermin, as by unnecessarily trampling down hedges, or if the huntsman was accompanied by a large crowd. Nor would this right include entering another person's grounds and digging for the purpose of finding any such vermin as foxes or badgers.

But it is evident that this old view of the law has not much application to a state of things in which foxes and other vermin are, so far from being hunted for extermination, protected for the mere amusement of hunting them. In these changed circumstances, Lord Ellenborough decided in a case of *Earl of Essex v. Capel*, tried in 1809, that persons hunting for their own amusement over the lands of other persons are trespassers; and fox-hunters, like other hunters, may be warned off, and are liable to action of trespass. As to hunting the fox as vermin, he said: "Now if you were to put it on this question—Which was the principal motive? Can a man of common sense hesitate in saying that the principal motive and inducement was, not the killing of vermin, but the enjoyment of the sport and diversion of the chase, and one cannot make a new law to suit the pleasures and amusements of those gentlemen who choose to hunt for their own diversion. Mere pleasures are to be taken only where there is the consent of those who are likely to be injured by them, and they must be necessarily subservient to the consent of others." Then he showed that it was never the law that foxes or other vermin could be dug out of another's land, and that a crowd has no right to follow the dogs and trespass. Later, an action was brought

against the huntsman of the Berkeley Hunt, and it was held that damages might be recovered not only for the mischief immediately occasioned by the huntsman himself, but also by the concourse of people who accompanied him. A still stronger decision was given in a case, in 1827, of *Baker v. Berkeley*, 3 C. and P. 32, where a stag, being hunted by hounds, ran into the barn of the plaintiff and the servants of the defendant entered the barn to take the stag. Lord Tenenden said: "If a gentleman sends out his hounds and his servants, and invites other gentlemen to hunt with him, although he does not himself go on the lands of another, but those other gentlemen do, he is answerable for the trespass that they may commit in so doing, unless he distinctly desires them not to go on those lands; and if (as in the present case) he does not so desire them, he is answerable in point of law for the damage that they do."

By the Game Act, 1831 (see GAME LAWS), however, it is enacted that its provisions as to trespassers and persons found on any land shall not extend to any person hunting or coursing upon any lands with hounds or greyhounds, and being in fresh pursuit of any deer, hare, or fox already started upon any other land. The effect of this is not to take away the common law right of bringing an action of trespass as above described, but only to prevent summary proceedings before magistrates against the trespassers, such as the Act provides against poachers and trespassers in pursuit of game.

There is no property in any of the animals that are hunted, whether mere vermin or edible animals, until they are killed; then questions of property arise. Thus: "If A start a hare in the ground of B and hunt and kill it there, the property continues all the while in B, but if A start the hare in the ground of B and hunt it into the ground of C and kill it there, the property is in A the hunter, but A is liable to an action of trespass for hunting in the grounds as well of B, as of C."

This example, given by Chief Justice Holt in a case in 1690, may be stated in a general way. The owner of the soil, by virtue of his ownership, is entitled to everything that is found there and killed on his property, whether killed by his leave or by a trespasser. But if the hunter does not kill the animal where he started it, but on another owner's ground, he is himself entitled to it as against both competing landowners, and it is said to become the hunter's property by right of his labour and trouble in catching or killing it. Thus in *Churchward v. Studdy*, 1811, 14 East 249, a pack of harners hunted and caught a hare on the defendant's land, which had been started on the land of another. The defendant took away the hare. It was decided that the master of the harners had acquired the property in it.

Lords of manors have, under Enclosure Acts, their rights of hunting, shooting, etc., reserved, so that they have the right of hunting to the exclusion of the owners of the allotments, and even if the latter have enjoyed it concurrently for a period of twenty years, this does not deprive the lord of his exclusive rights.

Usually, it is necessary for persons intending to kill game to take out an annual game certificate (see GAME LAWS), but any person may pursue and kill, or join in the pursuit and killing of, any hare by coursing with greyhounds, or by hunting with beagles or other hounds, without having such a

certificate. Nor is an annual game licence required for pursuing and killing deer by hunting with hounds.

HUSBAND AND WIFE.—In the present article it is intended to deal with the general law as affecting husband and wife, in so far as the law has relation to matters connected with commercial and general transactions. Such matters as divorce, judicial separation, and cognate affairs will only be referred to incidentally.

The relationship of husband and wife is considered in law as a contract, and in most respects the ordinary law applicable to contracts attaches to the state of marriage. It is necessary to recollect, however, that marriage is also considered to be a status, and for the purpose of defining it more accurately it may be described as "the voluntary union of one man and one woman to the exclusion of all others." Consequently, no marriage in the English sense can be celebrated between parties, unless each of them is a member of a country which recognises monogamy. If this is so, it is immaterial what is the religious belief of either person.

Although, however, marriage is a species of contract, it stands in an exceptional position in more than one important aspect. In the first place, the contract is entered into for life. An ordinary contract is always capable of rescission by the mutual consent of the parties; a marriage cannot be dissolved except by the sanction of the State. In the second place, whereas an infant is not capable of entering into a contract in a general sense (see INFANT), a marriage is quite legal in England, if it is duly solemnised, provided the husband is over fourteen years of age and the wife over the age of twelve. These ages are what are known as the ages of consent of the parties themselves, and there is now no necessity to obtain the assent of parents or guardians to constitute a valid marriage. If the marriage actually takes place, it is quite legal. But if it is intended that the marriage ceremony shall take place after the publication of banns of marriage, a parent or a guardian may forbid the banns, and if an objection is taken the publication is illegal, and the marriage, even though solemnised, will be void, provided the parties act wilfully and knowingly with the intention of evading the law. When a marriage is proposed to take place after the publication of banns between two persons who are apparently minors, and neither of them is a widow or a widow, the clergyman who officiates at the marriage should always inquire as to whether the consent of the parents or guardians has been obtained. There is no compulsion placed upon him to adopt this course. But if he does actually perform the ceremony after an objection has been made, he is liable to prosecution for a criminal offence.

It is assumed, naturally, that the domicile of the parties is English. Unless this is so in fact, the statements in this article would require revision, for it must never be forgotten that in connection with marriage it is the law of the domicile which must always prevail. (See DOMICIL, INTERNATIONAL LAW.)

Upon the marriage, the wife acquires both the nationality and the domicile of her husband. Before 1914, if a husband made a change in his nationality or domicile, the nationality or domicile of the wife changed with his automatically. An alteration was made in the law by the British Nationality and Status of Aliens Act, 1914, whereby a wife of a

British subject may declare her intention of retaining her British nationality—not necessarily her British domicile—in spite of any change on the part of her husband. (It may also be noticed, incidentally, that, by the same Act, a widow who was originally British, and who changed her nationality and domicile by marriage with an alien, may revert to her British nationality on the death of her husband. But the death of the husband does not cause the widow to revert automatically to her British status (British Nationality and Status of Alien Act, 1918).)

No persons may marry who are within the prohibited degree of affinity as set out in the Book of Common Prayer. The most common instance of the ceremony of marriage taking place between persons who were within the prohibited degrees was that of a man intermarrying with his deceased wife's sister. Until 1907 such a union was illegal, but the old bar was entirely removed by the passing of the Deceased Wife's Sister's Marriage Act, 1907. To this extent, therefore, the table in the Prayer Book now requires revision. A woman can now contract a lawful union with her deceased husband's brother under the Deceased Brother's Widow's Marriage Act, 1921. Members of the Royal Family are under certain restrictions as to contracting a valid marriage, but this exception requires no notice here. As above stated, there can be no valid marriage between an English man or woman and a member of a State which recognises and practises polygamy or polyandry. If any such marriage is solemnized, and it appears afterwards that such marriage ought not to have taken place on any grounds, the only course open to the parties is to obtain an order of nullity or dissolution by the court. This can be effected only by a suit instituted in the Divorce Court. Until such order is obtained, the marriage contract is regarded as a subsisting one.

The agreement of two persons to marry is known as the contract of betrothment. The promise of each to the other is the consideration required by the law of contracts for the promise of the other. But although persons may intermarry during their minority, no action is maintainable on the contract of betrothment against the party who is a minor. On the other hand, however, a minor can sue for damages for breach of promise if the other party to the contract is over age. The action must be brought through the next friend (*q.v.*). Mere ratification of a promise to marry made during infancy after the attainment of the age of majority is not enough to constitute a binding contract. There must, in fact, be a new promise. The promise need not be in writing, but the evidence of the plaintiff must be corroborated in some material particular. Even a married man may be sued in an action for breach of promise to marry, but it seems that in such a case the woman must be unaware of the fact that at the time of the making of the promise he was a married man.

In ordinary cases of contract, the cause of action is not affected by the death of either party. In cases of tort, this is not so. But where there is a breach of promise of marriage and the breach has arisen before the death of the party who is in default, no cause of action exists after the death of the defaulting party against his (or her) personal representatives. It is a case of *actio personalis moritur cum persona* (*q.v.*). It is asserted that the cause of action exists if the plaintiff's estate has suffered special damage, and such damage was

contemplated by the parties to the contract at the time when the promise was made. This is extremely doubtful from the expressions used in the judgments of the Court of Appeal in *Quirk v Thomas (Executor of)*, 1916, 1 K B 516, where it was held that a lady was not entitled to claim damages in such an action even though she had given up a profitable business in order to marry the deceased.

One other point in connection with this part of the subject is worthy of consideration. It is often imagined that gifts made by and to persons who are bound by the contract of betrothment are reclaimable by the giver upon a breach of the contract to marry. This is altogether erroneous. Unless there is a condition attached, any gift that is made between the parties, whether they are or are not betrothed, is on the ordinary footing of gifts. By English law a gift is irrevocable.

By the common law a husband and wife are considered to become one upon marriage. It has been already stated that a wife takes the nationality and the domicile of her husband, and she also adopts his name. This name she is entitled to retain after his death until she re-marries or adopts a new name upon her own initiative (See CHANGE OF NAME). After a decree absolute of divorce, the wife retains her married name until she acquires another, by either re-marriage or repute, and it has been legally decided that she cannot be restrained from using her married name unless it is proved that she is acting maliciously, and even then only if it is a question of a title of honour.

The union of husband and wife was just as complete in respect of property as in respect of name, nationality, and domicile. The rights of the wife were merged in those of the husband, except in so far as any marriage settlements altered the rules of the common law. If, then, a woman was saddled with debts at the date of her marriage, her husband was liable at common law to liquidate the same. It was altogether immaterial whether the debts arose out of contract or out of tort. Now, however, since the passing of the various Married Women's Property Acts, the husband is no longer liable for any of her debts beyond the amount of the assets which he has received through her at the date of the marriage. Thus, if a woman is indebted to the extent of £1,000 at the time of her marriage and her whole property is of the value of £100, and this £100 comes into the hands of the husband, he is liable only to the extent of £100, and the creditors must look exclusively to the wife for the balance.

The rights at common law which a husband enjoyed in his wife's property remain as they were before the passing of the Married Women's Property Act, 1882, as far as parties married before the Act came into force, except in so far as they had been modified to a small degree by one or two previous statutes. But the Act just named has placed married women in a position of comparative independence so far as their property is concerned. For the purposes of contract wives are no longer considered as one with their husbands. They contract entirely as to their separate estate, and they may enter into contracts with their husbands as with other persons. The effect of their contracts made since the Act of 1882, and the amending Act of 1893, is to give married women considerable advantages without any of the disadvantages which attach to other persons. It is to be noticed that their powers as to the disposition of trust estates

were placed on the same footing as those of men by a special Act of 1907.

The peculiar position of a married woman as to her contracts is noticed in the article MARRIED WOMEN'S PROPERTY ACTS, and the special exceptions to the general rules of law as to the relationship of husband and wife in respect of property are noticed in the article MARRIAGE SETTLEMENTS.

In the state of marriage a very important point for consideration is the extent of the wife's authority to pledge her husband's credit. There is no special power given to the wife for such a purpose. It is sometimes imagined that the mere fact of marriage confers the right upon her, but this is quite incorrect. The wife is, in reality, the agent of her husband, and, as such, enjoys no rights as to contracting with third parties except those which he actually gives her, or can be presumed to have given her. The first case is clear enough, where the husband leaves his wife to manage the household, and actually tells her to procure such things as are necessary for the same. But even then this authority is limited, being confined to those things which an ordinary intelligent person would hold to be necessary for the household of the class of persons to which the husband belongs. There is no authority to indulge in wanton extravagance. In the second case a husband will be presumed to have given similar powers of contracting as his agent to his wife if he pays bills which she has incurred. This will act as an estoppel (*q.v.*), and the husband will not be able to repudiate his liability. The strength of this is shown in the case of a woman who is living with a man to whom she is not married, if she does, in fact, reside with him under such circumstances as to lead people to believe that she is his wife. If the woman regularly contracts debts and the man regularly pays the bills, she will be presumed to have his authority to contract as his agent in the same way as a wife would. The only method by which a husband can terminate this kind of liability is by forbidding his wife to pledge his credit any longer, and also by informing the tradesmen with whom she has previously dealt that she has no authority to do so. Express notice of revocation should be given, though it is unnecessary in the case of tradesmen with whom there have been no previous business relations. As is well known, advertisements are sometimes inserted in newspapers by which a husband purports to forbid his wife to pledge his credit. But these advertisements are of no value unless it is proved that they have actually come to the notice of the tradesmen with whom there have been dealings. Of course, if credit is actually given to the wife, there is no question of agency at all. The wife is the principal, and the husband is in no wise responsible. The liability of a husband for the debts contracted by his wife in respect of household matters has been frequently litigated; and in a well-known case—*Morel v Earl of Westmorland*, 1904, App. Cas. 11—it is stated: "The fact that husband and wife live together and that necessities are supplied on the orders of the wife is not evidence that the husband and wife are jointly liable. The presumption that the wife has in such a case authority to pledge the husband's credit may be rebutted by proof that he made her an allowance and forbade her to pledge his credit, though this arrangement is not known to those who supply the necessities."

There is no presumption in law that the husband

has ever any right to pledge his wife's credit, no matter how wealthy she may be, and how slight may be his means. There is no agency on the part of the husband except by express authority.

The agency of the wife, as above noticed, has been dealt with on the assumption that the parties are living together. If a separation has taken place, the authority of the wife is much limited, or it may not exist at all. Thus, if a wife deserts her husband, being herself in fault, and refuses to return to him, even though he has not been guilty of cruelty or unfaithfulness, she has no claim upon him for anything. But if he has deserted her, or forced her to leave him by reason of his own bad conduct, she has, in addition to such remedies as divorce or judicial separation, a right to pledge his credit for necessities supplied to her by tradesmen. The amount of these necessities will depend upon the circumstances of the husband. This right, however, applies only after desertion where the husband does not make his wife any allowance, or, having agreed to make her an allowance, fails to pay her such allowance. And a husband cannot be compelled to allow anything for the support of his wife, however innocent may have been her departure, if she afterwards lapses into adultery.

If a husband is sued in any case, whether he is or is not liable in law, he must always take care to defend the action. If he allows judgment to go by default, he may have great difficulty in avoiding payment.

So much for questions of contract in which the husband and wife are interested more or less jointly. In other respects, modern legislation has made great changes in favour of a married woman in respect of contracts, but in tort (*qv*) the liability of the husband remains the same as it always was at common law. Thus, if a wife is guilty of negligence by which a third party is injured, or if she publishes a libel or a slander, the husband, however innocent, can be sued for the same, either alone or jointly with his wife, and he will be answerable for any damages awarded in respect of the tort. This, however, will not apply if the wife has obtained a decree of judicial separation. She is then solely liable for her own torts.

Before the passing of the various Married Women's Property Acts, the personal property of a wife became the absolute property of her husband immediately after the marriage of the parties, and he was also entitled to the rents arising out of her real property during his life. After her death he had also an interest in her real property. But these rights were always unenforceable if there were any settlements in existence which nullified or limited them. With a few unimportant exceptions, the law on this subject has been entirely changed as regards those persons who have married since 1882. The wife is now complete mistress of her own property, subject, of course, to any settlements that have been made in respect of it. She has also full control over any earnings of her own obtained through her own skill or employment. Presents given to her become her absolute property, especially those given on the occasion of her marriage. Since the unity of husband and wife as to contracts has disappeared, a woman can enter into a contract with her husband in the same manner as she is able to do with any other person. Thus, she can lend him money and sue for its return if it is not paid. But in one instance she will be postponed to other creditors of her husband.

This arises when the money is advanced to assist him in a partnership business. Should bankruptcy ensue, the wife cannot come in as a creditor until the other creditors have been paid in full.

It has been stated above that a gift is, by English law, irrevocable. If, therefore, a wife receives gifts from her husband, these become her separate property, though they may be impugned on the ground of fraud if made shortly before the husband's bankruptcy, especially if they are of an extravagant nature (See *BANKRUPTCY*). But it has been decided that if a husband makes allowances to his wife for housekeeping expenses, and no special arrangements have been made, whatever savings she effects out of the amounts allowed are not her property, but the property of her husband. This was finally decided so recently as 1908, in the case of *Burkett v Burkett*, 1908, 98 L T 54. A wife may also sue her husband in tort so far as her separate estate is concerned, but the husband has no corresponding right of action against his wife in respect of her torts against his property. By a special provision of the Married Women's Property Act, 1882, however, he may recover property of his own which his wife detains from him by means of what is known as an originating summons. Except as regards separate property, there is no right of action in tort by husband or wife against each other. Also, no criminal proceedings can be instituted by a wife against her husband whilst they are living together as to any property claimed by her. The same point is true if they are living apart, unless the property has been wrongfully taken by the husband when he is deserting or is on the point of deserting his wife.

The husband must clothe and maintain his wife and the children of the marriage, as well as any other children which she may have had before marriage. If he is unable to do so, the responsibility devolves upon the wife, and any separate property she may possess can be taken to support the husband, children, and grandchildren, if necessary. A husband has no right to pledge his wife's credit without her express authority, but if he becomes dependent upon the parish for relief, the poor law guardians will compel her, through the machinery of the law, to grant him a certain allowance.

In connection with the husband's duty to supply his wife with wearing apparel, a curious case as to the property in the same was decided by the Court of Appeal in *Roudan, Le Grand & Co v Marks*, 1918, 1 K B 75. It was there held that it was quite legal for a husband and wife to agree that the apparel of the wife should be merely lent to her by her husband and that the property in the same should remain vested in him.

The husband is, speaking generally, entitled to the custody and control of his children, and to have them educated in his religion, but these rights may be forfeited by his misconduct. The wife's rights in this respect have been greatly enlarged by the Guardianship of Infants Act, 1925, which gives the court the right to consider which rights are paramount having regard to the circumstances of the case and the welfare of the child.

There can be no doubt that formerly a husband might have compelled his wife to reside with him, or might have compelled her to admit him to her place of residence. Recent legislation, as construed by the courts, has completely altered this. A woman is perfectly justified in refusing to live

with her husband, and if she declines to do so, his only remedy is to obtain an order for the restitution of conjugal rights. He is not entitled to keep her in confinement in order to enforce such restitution. This was settled in the well-known Jackson case in 1891. But if an order for restitution of conjugal rights is obtained, there are no means of enforcing the order. It can only be treated, if disobeyed, as a case of desertion, and as giving the aggrieved party a right to institute a suit in the Divorce Court for judicial separation. The question has been raised whether a wife is entitled to refuse her husband admission to her house, and to proceed against him as a trespasser if he dares to force his way into it. The point appears not to have been decided, but it is clear that he cannot authorise another person to trespass on his wife's property. A married woman is complete mistress of her own domain, just as though she were a *feme sole*, and her husband is perhaps in no better position than a third person.

In most cases, in former years, husbands and wives were compellable or expectant witnesses in either civil or criminal proceedings against one another. In civil matters, as far as commercial cases are concerned, this rule has been swept away completely. In other cases, not pertinent to this article, special legislation is provided.

If a husband deserts his wife, or refuses to admit her to live with him, she can also apply for an order for restitution of conjugal rights, and if this is disobeyed, she can afterwards sue for a judicial separation, and need not wait two years.

Any settlements made in consideration of marriage may be rectified after a decree pronouncing a dissolution of marriage. The nature of the rectification will depend upon the particular circumstances of the case.

As to the passing of property upon the death of a husband or a wife, see **INTESTACY, WILLS**.

HYDROCHLORIC ACID.—A pungent, colourless gas, noted for the chlorides or series of salts derived from it, of which common salt is the most important. It is also known as hydrogen chloride, and may be easily prepared from common salt by the action of sulphuric acid, the other product of the reaction being sulphate of soda. It is very soluble in water, and the aqueous solution is known as spirits of salt or murettic acid. The latter is much used in the arts. Hydrochloric acid is largely employed in calico-printing, bleaching, dyeing, and for cleaning iron and other metals. In medicine it is used in very dilute form as an emetic, as an antiseptic, and as a tonic; it is also added to baths ordered in cases of rheumatism and similar affections. Its chemical symbol is HCl.

HYDROCYANIC ACID or PRUSSIC ACID.—A compound of carbon, hydrogen, and nitrogen produced by the decomposition of the amygdalin in

almonds. It is prepared by passing sulphuretted hydrogen over dry cyanide of mercury. It is a most violent poison, one drop being sufficient to cause instantaneous death. Its salts, known as cyanides, are also poisonous. Potassium cyanide is useful in photography. Medicinally it is used in a very diluted form in lotions to diminish itching in skin diseases, and, taken internally, it relieves coughing, vomiting, and palpitation. Its chemical symbol is HCN.

HYDROGEN.—The lightest known gaseous element, occurring chiefly combined with oxygen to form water. It is colourless and odourless, becomes liquefied under pressure, and burns in air with a non-luminous flame. Hydrogen is prepared on a large scale by the action of dilute sulphuric acid upon scrap iron or zinc. It occurs in all acids, and combining with carbon forms the important series of hydrocarbons, the source of many organic compounds. Hydrogen is used in the oxy-hydrogen flame for producing high temperatures, and on account of its lightness for filling balloons.

HYDROGEN PEROXIDE.—A viscid, transparent liquid, with a bitter taste. It bleaches the majority of vegetable colours, and is employed in whitening ivory, feathers, etc. It is also much used for the hair. In dilute solution it is employed in the restoration of oil paintings. Its chemical symbol is H₂O₂.

HYDROSULPHITE.—The trade name for sodium hyposulphite or its compounds with formaldehyde. These different substances vary in stability, and are used extensively as reducing and discharging agents in the calico-printing and dyeing industries.

HYPOTHEC.—This is a term used in Scottish law to denote a security given in favour of a creditor over the property of his debtor while the property remains in the debtor's possession. It is, in fact, what is generally denoted in English law as a mortgage, but it is further used to include what is known in English law as a lien, when goods, documents, etc., are in the possession of the creditor.

HYPOTHECATE.—To place or to assign property as security under an agreement, to pledge or to mortgage.

HYPOTHECATION.—The act by which property is hypothecated, i.e., pledged or mortgaged.

HYPOTHECATION, LETTER OF.—(See **LETTER OF HYPOTHECATION**.)

HYSSOP.—An aromatic plant, of which the common variety, *Hyssopus officinalis*, is a native of the Alps, Austria, and other countries of South Europe. It is now cultivated in the East. The leaves are used for culinary purposes and in the manufacture of absinthe. In a dried state the flowers act as a carminative and a stomachic, the medicinal properties being due to the presence of a volatile oil. A syrup prepared from hyssop is taken as a remedy for colds.

I.—This letter is used in the following abbreviations—

Ib, Ibid	In the same place (Latin, <i>ibidem</i>)
Id	The same (Latin, <i>idem</i>).
I/I	Indorsement irregular.
Ins	Insurance
Inst	Instant, of the present month
Int	Interest
Inv	Invoice.
I O U	I owe you
Iir	Irredeemable

ICE.—Great Britain's supplies of natural ice are principally obtained from Norway, but a large quantity of ice is produced artificially through the abstraction of heat from water by the vapourisation of liquid ammonia or ether. The demand depends largely, of course, on climatic conditions, but a continuous supply is required for purposes of cold storage, especially in the case of ships bringing meat and other perishable provisions from abroad.

ICELAND.—(See DENMARK)

ICELAND MOSS.—A lichen found in northern latitudes generally. It contains a large percentage of starchy matter, and, therefore, forms a nutritive food, especially for invalids, the naturally bitter taste being first removed by steeping in water. It is used medicinally in diseases of the lungs, and is also the source of an alcoholic drink.

ICELAND SPAR.—A variety of calc spar or calcite, which is now very rare. Its value lies in its transparency and its double refraction, which render it almost unique for the construction of polarising instruments. Its chemical symbol is CaCO_3 .

IGNATIUS BEANS.—The bitter seeds of the *Strychnos Ignati*, a native of the Philippine Islands. They have some medicinal value, especially in cases of cholera. Their active principle is strychnine.

ILLUMINATED SIGNS.—(See OUTDOOR PUBLICITY)

IMMEDIATE ANNUITY.—When the first payment under an annuity contract falls due one year or less after payment of the purchase money, and future payments fall due at regular intervals thereafter, the annuity is said to be immediate. In practice, payments are usually made half-yearly. The expression is usually restricted to life annuities in contradistinction to deferred annuities (*qv*) (See also ANNUITY and LIFE ANNUITY)

IMMEDIATE PARTIES.—(See BILL OF EXCHANGE, PARTIES TO BILL OF EXCHANGE)

IMMIGRATION.—(See ALIEN)

IMMORTELS.—(See EVERLASTING FLOWERS)

IMPERFECT ENTRY.—A customs entry prepared by the shipowner or master of a vessel, in default of proper entries passed by each importer, so that the work of discharge may proceed.

IMPERIAL PREFERENCE.—The ideal of an entirely self-sufficing Empire—in which the Mother Country obtains its foodstuffs and raw materials

from the overseas Dominions and India, paying for them by manufactures and by rendering shipping or banking or insurance services—is probably unrealisable. And even if it can be realised it is, from the point of view of international friendship, undesirable. There are, however, obvious advantages in buying much from Britain overseas, for India and the Dominions are by far the best customers for our own products. India buys more from us than any other country does, and Australia follows close upon India.

The sentimental impulse to reciprocal trade between the different parts of the Empire is powerfully reinforced by substantial tariff preferences. At the great Imperial Conference of 1917—when measures were being considered which should limit the ill-effects of the war then raging—this principle was clearly laid down—

"The time has arrived when all possible encouragement should be given to the development of imperial resources, and especially to make the Empire independent of other countries in respect of food supplies, raw materials, and essential industries. With these objects in view, this conference expresses itself in favour of the principle that each part of the Empire, having due regard to the interest of our allies, shall give specially favoured treatment and facilities to the produce and manufactures of other parts of the Empire."

In accord with this resolution we have gone far; and in all likelihood we will go farther. We admit into the United Kingdom such things as tea and tobacco emanating from the Dominions or India at a substantially lower rate of duty than if they emanated from China or Virginia. In reciprocity most of the Dominions admit our manufactured goods at lower duties than are charged on goods from competing countries—from the United States for instance. A large section of British trade is carried on with those countries within the Empire that to a greater or less extent accord preferential treatment to British goods. Generally speaking, the *ad valorem* rates of preference have grown materially in recent years, and concurrently with this growth, the proportion of our export trade which is destined for these countries has materially increased.

The application of the principle can be best seen by considering its operation in a single colony; and we may select New Zealand as typical. At present (1927) New Zealand sells to Great Britain 80 per cent of her total export. This consists almost wholly of primary products, chiefly from pastoral pursuits—the items in order of value being wool, meat, butter, cheese. With a sparse population, success in the pastoral and allied industries is dependent on the market overseas—in this case Britain. We in Great Britain, on the other hand, could not—with our crowded population and our limited food production—do without overseas supplies; and we obtain these by sending abroad

manufactured goods New Zealand, at the moment, buys from Great Britain 50 per cent of her imports—a figure that could be greatly increased. It is occasionally stated that the preference given to Empire goods is obtained by putting up the rate against foreign countries. This is not so. In fact, about half the goods from this country enter duty free into New Zealand.

The great reason why the Empire should now build up inter-trade by a system of Imperial preference, is this. In a comparatively short length of time the population and the purchasing power of the Dominions overseas will have grown enormously. Even at the present Britain's largest customer is India, and after India, Australasia. Already there are 60 million white people, mostly of British descent, in the Empire. And when we remember that a hundred years ago the total population of Great Britain was about 10 million, we can form an idea of what the future holds when the vast empty spaces of the Empire are filled.

At present India and Newfoundland accord no tariff preference to United Kingdom goods. Australia accords a preference in general of 10 per cent, and in a number of cases 15 and even 20 per cent. In Canada the preference is from 10 to 12 per cent, though in certain cases the grant of full preference is dependent upon direct shipment from the United Kingdom to a Canadian port.

IMPERIAL STANDARDS.—The statutory standards which regulate the coinage and the weights and measures of the country (See COINAGE, WEIGHTS AND MEASURES.)

IMPERSONAL ACCOUNTS.—These are accounts in book-keeping which deal with things and not with persons, such as charges accounts, cash accounts, goods accounts, etc. Another name for them is nominal accounts.

IMPLIED WARRANTIES.—For a general treatment of warranties, see articles on CONTRACT, SALE OF GOODS, and WARRANTIES AND CONDITIONS. The reader must bear in mind the meaning of the word "warranty," and the distinctions between a warranty and a condition, and between a warranty and a false representation and a guarantee. A warranty is generally made expressly between the parties to the contract to which the warranty is alleged to be collateral, but in some transactions certain well-defined warranties are implied by law, e.g., on the sale of goods, in agency transactions, where the agent impliedly warrants that he has authority to bind his principal (see AGENCY), in connection with articles of food, when a warranty is implied by the seller that the viands are fit for the food of man, in contracts concerning land, which, however, are somewhat beyond the scope of this work, and on the negotiation by delivery, and for value, of bills of exchange, promissory notes, and other negotiable instruments. In this case a transferor is deemed to warrant three distinct things to the person to whom he delivers the instrument: (1) That the instrument is what it purports to be; (2) that he has a right to transfer it, and (3) that he does not know of any fact which renders the instrument valueless (See, as to these, BILL OF EXCHANGE, etc.)

Sale of Goods. On a contract for the sale of goods a warranty is implied by virtue of the Sale of Goods Act, 1893, but only where the circumstances of the contract are such as not to show that the parties had a different intention: (1) That the buyer shall have and enjoy quiet possession of the goods. This,

however, only extends to a freedom from interference by anyone claiming the goods under a title derived from the seller. A seller cannot, of course, prevent some person over whom he has no control asserting a claim to the goods or doing something to disturb the buyer in his enjoyment or possession of them. If the seller had no right to sell, then the buyer's remedy is for a breach of the implied condition as to title (see WARRANTIES AND CONDITIONS), which enables him to rescind the contract. It may well be, too, that the circumstances of the sale prevent the implication of such a warranty. For example, where goods are bought at a sale by a sheriff under a writ of execution, the sheriff gives no warranty, and if it turns out that he sold improperly, the buyer may find his right to hold the property upset by a claim from the true owner. The circumstances import a representation that the goods are not the sheriff's, and, therefore, cannot support an implication that the sheriff warrants the title of a purchaser. A similar state of affairs may exist when an article is bought from a person known to have been the finder of it. Here, the sale, unless in market overt (*q.v.*), must be subject to the rights of the true owner and loser of the article, if ever he comes forward to claim it. The seller does not warrant the title, and the utmost extent of his implied warranty for quiet possession will be that he will not himself do anything to affect the purchaser's enjoyment of the article.

(2) That the goods shall be free from any charge or incumbrance in favour of any third party, which is not declared or known to the buyer before or at the time when the contract is made.

(3) An implied warranty as to quality or fitness for a particular purpose may be annexed to a contract by the usage of trade. The existence of such a warranty will be entirely a matter of evidence in each case. The usage must be proved, and must be reasonable, and not directly in variance with the general law or the terms of the particular contract.

Marine Insurance. In a contract of marine insurance (*q.v.*) there are, under the Marine Insurance Act, 1906, the following implied warranties—

(1) In a voyage policy, that at the commencement of the voyage the ship shall be seaworthy for the purpose of the particular adventure insured.

(2) If the policy attaches while the ship is in port, that the ship shall, at the commencement of the risk, be reasonably fit to encounter the ordinary perils of the port.

(3) If the voyage is to be performed in different stages, that at the commencement of each stage the ship is seaworthy for the purposes of that stage.

(4) In a voyage policy on goods or other movables, that at the commencement of the voyage the ship is seaworthy as a ship, and reasonably fit to carry the goods or other movables to the destination contemplated by the policy.

(5) That the adventure insured is a lawful one, and that, so far as the assured can control the matter, the adventure shall be carried out in a lawful manner. (See MARINE INSURANCE.)

Miscellaneous Warranties. By Section 17 of the Merchandise Marks Act, 1887, it is provided that—

"On the sale or in the contract for the sale of any goods to which a trade mark, or mark, or trade description has been applied, the vendor shall be deemed to warrant that the mark is a genuine trade mark and not forged or falsely applied, or that the trade description is not a false trade description within the meaning of

this Act, unless the contrary is expressed in some writing signed by or on behalf of the vendor and delivered at the time of the sale or contract to and accepted by the vendee."

By the Fertilisers and Feeding Stuffs Act, 1906, the seller of manufactured or artificially prepared fertilisers of the soil or feeding stuffs for cattle or poultry, is bound to give a particular invoice to the buyer, and this invoice has the effect of a warranty of the statements contained in it. Also on the sale of an article for use as cattle or poultry food there is an implied warranty on the part of the seller that the article is pure and is fit for feeding purposes.

By the Anchors and Chain Cables Act, 1899, on a contract for the sale of an anchor exceeding 168 lbs in weight, or of a chain cable, there is an implied warranty that it has been properly tested and stamped.

IMPORT AGENT.—The term "agent" is so often loosely used that its precise significance in the import trade should be carefully studied. In contradistinction to the importer, who buys on his own account and tries to resell, the *import agent* either (a) secures rights for the sale of certain products or manufactures in a given area (*selling agents*), or (b) is authorised to buy certain goods and superintend their landing and delivery (*buying agents*). In either case he is remunerated on a percentage basis.

A selling agent has to obtain orders, send them to his principals, and eventually arrange for the reception, clearance and delivery of the goods. He should also watch his principal's interests in questions of shortage, damage, or other claims. When bad debts arise, however, the agent cannot be made responsible—though naturally the wise agent does not presume on his immunity but uses all possible discrimination when accepting orders or giving delivery.

There are exceptions, known as *del credere* agents who, for a higher commission undertake full financial liability for all business obtained. The *del credere* arrangement practically insures the principal against bad debts at a premium equal to the extra commission paid, while the agent makes his local knowledge and good judgment earn him a higher income. A *del credere* agent's duties resemble those of an independent importer, in so far as he is responsible for securing payment for goods supplied but, unlike an importer, he does not order goods forward as a speculation.

Many general commission agents, besides regularly representing certain overseas firms whose business provides their staple income, will act for any applicant, clearing and selling goods to best advantage, but handling them entirely at shipper's risk. If so directed they will also buy, regularly or specially, on commission, touching thus on the functions of the *broker*.

IMPORT AND EXPORT LIST.—The official list published by H.M. Stationery Office, Kingsway, W.C.2, on behalf of the Customs and Excise authorities. The list governs the classification of imports and exports for statistical purposes and all entries made to the Customs authorities must be in accordance with this list. The current rates of Customs duties payable are also shown.

IMPORTATION.—The act of bringing goods into one country from another. (See CUSTOMS FORMALITIES.)

IMPORTERS.—The persons who are engaged in the importation of goods.

IMPORTING AGENT.—This is an agent whose business it is to superintend the importing of goods and their sale, and to remit the proceeds to his principal. (See IMPORT AGENT.)

IMPORTS.—The goods brought into a country from a foreign country in the way of commerce.

IMPORT TRADE.—Many technical problems attend the proper handling of import traffic through its arrival port. Not the least important are those associated with Customs formalities which, in view of our growing list of dutiable articles, are annually becoming more complex.

First of all, it may be as well to consider what are the principal imports of this country and how they are disposed of. Tea, coffee, sugar, and rubber find a market in London at the Commercial Sale Rooms, Mincing Lane, fruit at Covent Garden and elsewhere, oil, seeds, etc., at the Baltic Exchange, London, wool at the Wool Exchange, London; whilst cotton goes mainly to Manchester and Liverpool. Almost all the bulk produce imports into this country are sold at the various exchanges by brokers who can, by virtue of their position, knowledge, and ability, command a ready market; but some firms there are who have their own plantations or factories abroad, and who receive the goods themselves and sell them wholesale.

The exporter abroad sends the importer the bills of lading, together with other documents, which latter, however, have nothing to do with the actual conveyance of the goods, but without the bills of lading it is impossible for the merchant to obtain possession of the goods on their arrival. In the event of the importer having his offices or warehouses in a place other than that at which the goods arrive, the bills are forwarded either to the shipping company or (preferably) to the shipping agent at the port of arrival, to whom instructions are given to clear the goods and forward them to their destination. In this case, the shipping company (or the agent) will deal with the goods on their arrival, comply with the Customs demands, pay port rates and dock charges and arrange for hauliers, railway, canal, coasting, or other companies to collect the packages for dispatch to their destination. The forms in use by the Customs and information as to Customs regulations generally, are given under the heading of CUSTOMS FORMALITIES.

It is very desirable to make use of a competent shipping agent, since he can be relied upon to act for the importer should there arise any question of damage or shortage when the goods are discharged. The shipowner's main concern in such an event is the collection of his freight charges and the safeguarding of his own interests which, in actual practice, are not necessarily those of the importer.

Some goods are not allowed to be imported into this country at all, whilst there are others which come in only under certain restrictions. Chief among the first category are certain substances of an explosive nature, extracts or concentrates of chicory, coffee, tea, tobacco, and infected animals; and among the second category, acetylene, addressed envelopes, and dogs. Amongst other things, the Customs authorities are entitled to confiscate or detain goods which bear any marking which appears to suggest that the goods are of British origin.

IMPORT TRADE, ORGANISATION OF.—An importer, in the widest sense of the word, is any person who obtains goods from abroad either for his own account or in return for a commission.

Hence, the term would include any person who occasionally derives goods from a foreign country without such importation forming an essential part of his regular business.

When used in a narrow sense, the term "importer" signifies a merchant who is engaged exclusively or to a large extent in the procuring of goods from abroad. In this sense importers may be divided into two groups—

(1) *Wholesale and retail dealers* of the same kind as those which are engaged in the home trade. As a rule these persons trade in a certain class or group of articles and keep a more or less extensive stock in order to meet the needs of home or even foreign consumers. It is only in areas which are highly developed commercially that such traders deal in a variety of lines (*e.g.*, departmental stores). The goods are usually bought from abroad because they cannot be obtained in the home country either so cheaply or so good.

(2) *General importers* are persons who are principally engaged in the procuring of foreign goods, whilst the class of goods dealt in is a matter of secondary importance. They are usually prepared to deal in any kind of goods suitable for the import trade; they rarely keep a stock of their own, and are chiefly engaged in conducting business with those countries with which it is difficult to deal directly (*s.e.*, less civilised countries).

Direct Importation by Consumers. Amongst consumers, manufacturing undertakings play a most important part as direct importers in most European countries as well as in the United States. This is not the case, however, in the East and in most new countries. Here the industrial undertakings are altogether of lesser importance in economic life, and rely almost entirely on the raw materials produced in the country itself. This fact restricts the possibility of importation into such areas. Furthermore, the establishment of trading relations with buyers located at such great distances often presents special difficulties so that the trade is left to the importers settled in the country in question.

Importation by Retailers and Wholesale Warehousemen. (a) *Retailers.* Generally speaking it is not the function of the retailer to carry on an import trade. In the intercourse between Western European countries, where the purchase of goods from foreign manufacturers or wholesale dealers frequently presents no greater difficulties than buying in the home market, the retailer often covers his requirements from abroad. In the large cities retailers are frequently visited by foreign travellers or agents of foreign firms so that they can buy from foreign countries as easily as they can at home. In some lines, particularly in articles of fashion, it is sometimes customary for retailers to undertake journeys abroad for the purposes of buying. As a rule the retailers, as a clientèle, have a relatively small capital and but little commercial experience, so that business dealings with them are comparatively difficult and expensive. On the other hand, higher prices can be obtained from retailers than from wholesale dealers. If it is desired to enter into commercial relations simultaneously with the retail and wholesale traders of one and the same area, the rational conduct of business necessitates the adoption of a price policy similar to that adhered to in the home trade, *viz.*, the wholesaler must be offered prices sufficiently low as to enable him to realise a profit and be able to compete by re-selling to the retailers; or the policy must be adopted of

excluding articles which have been sold to wholesalers from sale to retailers. In extra-European trade the retailer is of but small importance as an importer, although an exception may be made in the case of the departmental stores of the United States.

(b) *Wholesale Warehousemen.* A large part of the import trade of the United Kingdom, in so far that it is not conducted directly by consumers and retailers, is carried out by wholesalers similar to those engaged in the home trade. Likewise the prevailing method of trade is similar to that of the home trade. As a rule, the importers do business on their own account and rarely as buying commission agents. Naturally, direct intercourse with the ordinary wholesalers is developed more easily if the area of sale is at a short distance so that communication by letter, the transmission of samples and occasional visits, can be carried out without difficulty. Partly for this reason exportation to Canada is more frequent than that to South American countries, exportation to South Africa more frequent than to Australia, and exportation to Persia from Russia more frequent than from other European countries.

The General Import Trade. The general importer forms a commercial link which intervenes as a rule between the exporter abroad and the wholesale warehouseman in the country of importation. Such an importer sells almost exclusively to wholesalers at the place where he has his business, although he is always inclined to sell to large manufacturers and other large scale producers. It is only as an exception that he sells to retailers.

The general importer is the mediator of imports from countries from which the wholesale warehouseman is either unable or unwilling to import direct, and the soil is the more favourable for the development of this special import trade, the less the wholesale warehouseman in the country of importation is able to carry on direct trade. The chief sphere of operations of the general importer is therefore to be found in over-sea areas with which the ordinary wholesale trade is not fitted to open up direct trading relations.

Procedure in the Import Trade. On the receipt of the bill of lading from the consignor abroad, the importer's first duty is to ascertain when the ship carrying the goods is expected to arrive. This is done by inquiry at the office of the ship-broker or by a careful watch of the arrival of vessels as reported in the shipping newspapers, so that as soon as the ship arrives the proper measures may be taken to obtain possession of the goods. These measures consist of—

- (1) Passing the necessary Customs entries, and
- (2) Carrying out the requirements of the ship's representative.

Customs Formalities. It is the duty of the importer to pass a Customs entry for his merchandise, and his procedure will vary according to the nature of the imports. Alternatives are usually open to him—

(a) Where the imports are required for immediate home consumption; and

(b) Where the imports are not required for immediate home consumption, but are placed in a free or bonded warehouse.

Taking the first case, let us suppose an importer desires his goods to be passed immediately for home consumption, and desires to pay duty at once. He goes to the Custom House and passes an "Entry for Home Use *ex* Ship." On this entry must be

given such particulars as are necessary to enable the Custom House officials to identify the goods on their discharge from the ship, and also such further particulars of the goods as are required by the Government for statistical purposes. Upon this entry the importer is required to state the exact nature of the goods, their value, and weight. The duty is then assessed on his declaration. When duly stamped and passed by the Customs officials, this document acts as the merchant's warrant for claiming the delivery of his goods. It is presented to the Customs officers at the place of importation, who, in turn, examine the goods, and, if the examination agrees with the merchant's declaration, the delivery is allowed.

Where dutiable imports are intended for warehousing, the merchant is required to pass a "Warehousing Entry" and a "Landing Order." On the warehousing entry the particulars of the goods are stated in the same way as on the "Entry for Home Use *ex Ship*," but there is no immediate payment of duty. The entry is forwarded to the Customs officers at the warehouse in which the goods have to be placed. The landing order is forwarded to the officers at the dock where the ship is lying, and the goods are not allowed to be landed and delivered to the warehouse until this document is presented by the merchant to the Customs officer at the dock. These documents being in order, the goods are delivered to the specified warehouse, where they are examined and recorded. When the importer desires to obtain his goods from the warehouse, he is required to pass a "Home Consumption Warrant" at the Customs House. This document is divided into three parts—

(1) The particulars of the goods are entered on the body of the form, with a statement of the amount of duty chargeable.

(2) The amount of duty paid is entered on another part of the form, which is retained by the officials receiving the duty.

(3) The third part of the form, known as the "Delivery Order," is forwarded to the warehouse-keeper, and acts as his authority for the delivery of the goods.

So far the procedure in regard to dutiable goods only has been mentioned, but the great majority of the imports into the United Kingdom are duty free. For these an "Entry for Free Goods" has to be passed and the operation of "passing" these entries is precisely the same as that of passing entries for dutiable goods. (See CUSTOMS FORMALITIES.)

The duty of dealing with the ship's representative is of a less formal nature since the ship-broker, unlike the Customs officer, does not represent a government department. Particulars of the various goods landed and warehoused having been supplied by the various dock companies to the ship-broker, he proceeds to make out and supply to each consignee a "Freight Note" for the goods consigned to him. On receipt of this it becomes the duty of the importer to examine it by checking the weights and rates charged. If correct, the amount due is paid by the importer, in exchange for which he secures the release of his bill of lading.

The last duty of the importer in regard to his goods would probably be the settlement of the amount payable for dock or wharf charges. These vary owing to the fact that the companies take into consideration the value of the goods and the amount of labour necessary to be expended upon them to

prepare them for sale. A list of these rates is issued and supplied to all importers. The dock companies and wharfingers are entitled to retain possession of the goods until their charges are paid.

IMPOSTS.—The general name applied to taxes, especially those which are levied upon imports.

IMPOUND.—Whenever it is considered necessary, in the interests of justice, that documents used in the course of any trial should be retained for the purpose of being considered by the law officers of the Crown, they are said to be impounded. They are, in fact, in the custody of the law.

Also when goods are taken in distress (*qv*), they are also held to be in the custody of the law, and to be impounded. Any person who interferes with them whilst thus held is guilty of "pound breach."

IMPRESSED STAMPS.—These are special stamps which are required on the following documents—

Assignments of Life Policies

Conveyances

Inland Bills of Exchange (except when on demand, at sight, on presentation, or not exceeding three days after date or sight, when either an adhesive or impressed stamp may be used).

Inland Promissory Notes

Letters of Allotment

Memoranda of Deposit.

Mortgages

Scrip Certificates.

Transfers.

Stamps may be impressed on all instruments except where an adhesive appropriated stamp is necessary. (See APPROPRIATED STAMPS.) In certain cases (*e.g.*, a guarantee under hand) either an impressed or an adhesive stamp may be used. (See ADHESIVE STAMPS.)

IMPREST SYSTEM.—(See PETTY CASH.)

IMPRISONMENT FOR DEBT.—It is sometimes said that imprisonment for debt has been abolished. It is more accurate to say that while a fraudulent debtor will be punished in this way, an honest debtor will not. Default in payment of a sum of money renders a person liable to imprisonment in the following cases: (1) Default in paying any penalty, not being a penalty in respect of any contract; (2) default in paying any sum recoverable summarily; (3) default by a trustee or person acting in a fiduciary capacity and ordered by a court to pay a sum in his possession or under his control; (4) default by a solicitor in payment of costs when ordered to pay costs for misconduct or in payment of money when ordered to pay it, as an officer of the court which makes the order; (5) default in paying for the benefit of creditors any portion of a salary or income under an order of a bankruptcy court; (6) default in payment of sums for which orders for the payment of debts due under judgments and orders of court by instalments or otherwise are in the Debtors Act, 1869, authorised to be made.

The last paragraph above set out shows that this form of compulsion survives in the jurisdiction of the court to order a judgment debtor to be imprisoned for non-payment of the judgment debt, where it is shown that he has the means to pay, but will not do so. In such a case he is committed to prison as for contempt of court. A county court judge may exercise this jurisdiction; but if, before the debtor is delivered into custody, money is paid into court, the bailiff holding the order, on receiving notice of payment, must indorse on the order the amount

thereof and deduct the same from the amount indorsed on the order, and the order of commitment then operates as a commitment for the balance remaining due. The debtor may also, at any time before delivery into custody, pay the bailiff the amount indorsed on the order, and on receiving such amount the bailiff must discharge the debtor. If payment is made when the debtor is in prison, the gaoler must discharge the prisoner, and the debtor may also be discharged on the request of his creditor. (See DEBTORS ACT.)

IMPROVED GROUND RENT.—When land is conveyed in consideration of the payment of a certain annual sum, the payment thus made is called a ground rent (*q v*). If, now, the person to whom the land is conveyed builds upon the same, and so enhances the value of the land, he is enabled to sell this interest at a higher figure. He is said to have created an improved ground rent.

IN BALLAST.—When a ship leaves a port without cargo she is said to be in ballast, as she carries some kind of weight, *e.g.*, sand, gravel, *etc.*, to give her stability.

IN BOND.—Instead of paying duty at the time of importation, importers often defer it until the goods are actually required. During this period the Government stores them, and this is called keeping them in bond.

INCAPACITY BENEFITS.—(See DISABILITY BENEFITS.)

IN CASE OF NEED.—A referee "in case of need" is the person whose name a drawer or any indorser may insert in a bill of exchange, to whom a holder may resort in case the bill is dishonoured, by non-acceptance or by non-payment. The words are usually placed in the left-hand bottom corner of the bill, as "in case of need with the English Bank, Ltd., London." A holder may please himself whether or not he resorts to the referee.

Where a dishonoured bill contains a reference in case of need, it must be protested for non-payment before it is presented for payment to the referee in case of need. (Section 67, Bills of Exchange Act, 1882.) (See ACCEPTOR FOR HONOUR, REFEREE IN CASE OF NEED.)

INCH.—A linear measure, the twelfth part of a foot, and equal in length to three barleycorns.

INCHMAREE CLAUSE.—In the leading case, *Hamilton, Frazer & Co v Thames and Mersey Marine Insurance Co*, 1887, it was held that under an ordinary marine insurance form, underwriters on ship are not liable for losses due to the manifestation of an inherent defect in the material of the ship, nor would it appear that they are responsible for loss or damage proximately consequent on the negligence of members of the ship's crew or of its officers. With the object of protecting shipowners where such loss or damage could not have been avoided however carefully the arrangements for the voyage had been carried out, a clause was drafted, now invariably known as the Inchmaree Clause (from the name of the vessel concerned in the above case), which is inserted in all standard insurances on hull and allied interests. The Institute form of the clause is as follows—

"This insurance also specially to cover (subject to the free of average warranty) loss of or damage to hull or machinery directly caused by accidents in loading, discharging, or handling cargo, or caused through the negligence of master, mariners, engineers, or pilots, or through explosions, bursting of boilers, breakage of shafts, or through any

latent defect in the machinery or hull, provided such loss or damage has not resulted from want of due diligence by the owners of the ship, or any of them, or by the manager. Masters, mates, engineers, pilots, or crew, not to be considered as part owners within the meaning of this clause should they hold shares in the steamer."

There is room for argument as to whether underwriters have to pay for the damage to the part in which the defect manifests itself, but where the requisite diligence has been observed, the policy not only makes good the consequential damage, but also the making good of the defective part.

INCHOATE INSTRUMENT.—An incomplete document, as, for example, a stamped bill form, signed by a person and handed to another person to fill up and make a complete bill.

By Section 20 of the Bills of Exchange Act, 1882—

"(1) Where a simple signature on a blank stamped paper is delivered by the signer in order that it may be converted into a bill, it operates as a *prima facie* authority to fill it up as a complete bill for any amount the stamp will cover, using the signature for that of the drawer, or the acceptor, or an indorser, and, in like manner, when a bill is wanting in any material particular, the person in possession of it has a *prima facie* authority to fill up the omission in any way he thinks fit.

"(2) In order that any instrument when completed may be enforceable against any person who became a party thereto prior to its completion, it must be filled up within a reasonable time, and strictly in accordance with the authority given. Reasonable time for this purpose is a question of fact.

"Provided that if any such instrument after completion is negotiated to a holder in due course it shall be valid and effectual for all purposes in his hands, and he may enforce it as if it had been filled up within a reasonable time and strictly in accordance with the authority given."

It is important to notice that an incomplete bill must be filled up strictly in accordance with the authority given. If a person signs a stamped form as an acceptor and hands it to another person to fill up in a certain specified manner and to sign it as drawer, and the drawer exceeds his authority, the acceptor will not be liable thereon to the drawer; but if the bill is negotiated to a holder in due course, he will be liable to such a holder. By accepting a bill in blank, an acceptor may thus find himself in the difficult position of having to pay a very much larger sum than he intended to pay when he placed his name to the paper. Although there may be cases in which it is necessary for an inchoate document to be issued, it is always a risky matter, and little sympathy can be felt for anyone who thus allows himself to be defrauded.

IN CLEARING.—This is a term used in connection with the Clearing House (*q v*). When a bank makes an exchange of cheques with another bank, those cheques which are received constitute the "in" clearing, whilst those that are given out form the "out" clearing.

INCOME.—The gain, profit, or revenue arising from a business, investments, or any other source.

INCOME AND EXPENDITURE ACCOUNT.—This is in effect a profit and loss account or revenue account and deals with actual income whether received or not, and actual expenditure whether

paid or not. It is the form used by clubs, societies, and other such non-trading concerns for presenting the final accounts for a period. In these cases the income is derived from subscriptions, etc., of the members, and the object of the account is to show that the income is sufficient for the upkeep of the club or society. The balance is not stated as profit or loss, but as "surplus of income over expenditure," or "deficit—being excess of expenditure over income." The surplus balances are accumulated as capital, and may be invested to assist future income, or expended as considered advisable in certain directions, as, for instance, in the case of a club, in more lavish expenditure for the comfort of its members.

An income and expenditure account should not be confused with a receipts and payments account (*q v*).

INCOME BOND.—(See *AMERICAN SECURITIES*.)

INCOME TAX.—The income tax, in its present form, was originally imposed in 1799. It was looked upon, in the first instance, as a war tax, and between 1816 and 1842 it was abolished with the exception of a single year. In the last-named year, however, it was revived, and although various propositions were made at different times for its discontinuance, notably at the dissolution of Parliament in 1874, it was declared in 1907 to be a permanent tax. Between 1907 and 1914 it was changed in certain particulars, and in 1910, the super-tax was introduced. Then came the period of the Great War, and the rates rose year by year. As a consequence of the great indebtedness of the country it is impossible to hope for any substantial reduction in the tax for a generation at least, though its rates and incidence must vary from year to year according to special exigencies, and the Finance Act of each year must be consulted for the latest rates in every case. The various enactments relating to income tax which have been passed since 1842 were consolidated by the Income Tax Act, 1918, but considerable changes are contemplated. The law as it stands at the time of going to press will be found fully set out and explained below.

The incomes subject to taxation are those derived from any source in the United Kingdom, whether by residents therein or not, and, in the case of residents in the United Kingdom, those derived from *foreign* securities, stocks, shares, and rents, less the amounts of any charges thereon payable to a person resident abroad. It makes no difference whether the recipients are subjects or aliens.

The above are the fundamental rules to be recollected in connection with the income tax, and are here stated at the head of this article, although referred to under different sections later on.

For the purpose of convenience, taxable incomes are divided into five classes or schedules—

Schedule A Incomes from property in lands and buildings

Schedule B Incomes from the occupancy of certain lands

Schedule C Incomes by way of interest and dividends arising out of the public funds

Schedule D Incomes by way of profits from professions, trades, or other callings; also interest

Schedule E Incomes by way of annuities, salaries, etc., payable out of the revenues or the funds of public companies and private firms

Schedule A. Property tax, or income tax under Schedule A, is charged in respect of the ownership of lands, tenements, hereditaments, and heritages in the United Kingdom.

Duty is charged under Schedule A at the current rate of the tax for every 20s of the annual value of the subject assessed.

The annual value of property to be assessed is estimated (with the exception of special properties) under a general rule. This rule extends to all lands, tenements, hereditaments, or heritages capable of actual occupation, and provides that the annual value shall be taken to be the rent by the year at which they are let at rack-rent, if the amount of such rent has been fixed by agreement within seven years, if not so let at rack-rent, then at the rack-rent at which they are worth to be let by the year. When a landlord pays out of the rent any parochial rates, taxes, and assessments chargeable on the occupier, the annual value is estimated exclusive of those payments (taken as the actual amounts paid in the preceding year). Where a tenant contracts to pay aids, taxes, or assessments chargeable on or payable by the landlord, the amount thereof paid in the preceding year is added to the rent or estimate under the general rule.

If the annual value cannot be otherwise ascertained, the assessment should be made on the sums in the poor rate, if rated at the full value, or on sums proportionate to those in the poor rate, if rated proportionately to the full value.

Dr.	Income and Expenditure Account for year ending , 19...						Cr.
	£	s	d.		£	s.	d.
To Rent, Rates, Light, and Insurance	550	0	0	By Entrance Fees	24	0	0
„ Salaries	250	0	0	„ Annual Subscriptions	1,400	0	0
„ Servants' Wages	295	0	0	„ Billiard Room Receipts	80	0	0
„ Printing, Stationery, etc.	74	0	0	„ Wines, Spirits, and Cigars	300	0	0
„ Legal Expenses	16	0	0				
„ Repairs to House & Furniture	48	0	0				
„ Wines, Spirits, and Cigars used	223	0	0				
„ Interest on Loans	40	0	0				
„ Depreciation of Furniture and Fittings	120	0	0				
„ Balance of Income over Expenditure for the year	188	0	0				
	£1,804	0	0		£1,804	0	0

Returns of lands and property are required (See *Returns*, p 953) In the case of houses, tenements, or lands of an annual value of less than £10, the assessor may estimate the annual value without requiring a return, unless the inspector objects to his estimate. The production of any lease may be required.

When land is let at a reserved rent in consideration of improvements by the tenants, the rent being settled on the medium annual value in the expectation of a progressive improvement, the assessment under Schedule A should be made on the reserved rent (The assessment under Schedule B should be made on the rack-rent for the term of the lease, ascertained at the commencement of the demise.)

Duty may not be levied on any house for a period during which it is unoccupied.

The Commissioners, inspectors, and assessors, or persons authorised by them, may at all reasonable times inspect the rate-books and take copies or extracts without payment of any fee.

The Commissioners may make an order for the assessors and inspectors, with a person of skill, to inspect the lands or property after two days' notice, and at all reasonable times in the day-time.

Deductions are allowed under Schedule A in respect of the following expenditure—

(1) Tithes, fistfruits, duties, and fees on presentation paid by any ecclesiastical person within the year preceding that in which the assessment is made.

(2) Procurations and synodals paid by any ecclesiastical person on an average of seven years preceding.

(3) Repairs of collegiate churches and chapels and chancels, of universities or any college or hall in any university, by any ecclesiastical or collegiate body, rector, vicar, or other person bound to repair, on the actual expenses of the preceding year.

(4) Parochial rates, taxes, and assessments on any rent-charge confirmed by the Act for the commutation of tithes, on the amount paid in the year for which the assessment is made.

(5) Land tax charged on lands, tenements, hereditaments, or heritages.

(6) The amount charged by public rate or assessment in respect of drainage, fencing, or embanking. An allowance is also made of the amount expended by the landlord or owner in making or repairing sea walls or other embankments necessary for the preservation or protection of lands against a sea or tidal river.

The following statutory allowances are made for repairs—

(1) Lands (inclusive of a farmhouse and other buildings assessed therewith)—an allowance of one-eighth part of the assessment.

(2) Houses or buildings (except those included in (1))—

(a) where the owner is the occupier or is assessable as landlord, and where the tenant is occupier and the landlord bears the cost of the repairs—an allowance of one-fourth of value not exceeding £40, one-fifth of value exceeding £40 but not exceeding £100, and where value exceeds £100, £20 plus one-sixth of the amount over £100.

(b) where a tenant is occupier and bears the cost of repairs—an amount, not exceeding the statutory allowance as is necessary to reduce the assessment to the amount of the rent.

The allowance is not made where, in the case of

lands or houses, the assessment is more than one-eighth or one-fourth, one-fifth, or one-sixth part respectively below the amount of the rent, after deducting from the rent any outgoing allowed to be deducted from the assessment.

A further allowance may be made in respect of expense for maintenance, repairs, insurance, and management. If the owner of any land or houses referred to below shows that the cost to him of such maintenance, etc., according to the average of the preceding five years has exceeded, in the case of land, one-eighth part, and, in the case of houses, the statutory part of the annual value under Schedule A, he is entitled, in addition to the allowance for repairs, to claim repayment of duty on the excess. Maintenance includes the replacement of farmhouses, farm buildings, cottages, fences, and other works, where the replacement is necessary to maintain the existing rent. This allowance applies to any houses and land (inclusive of farm-houses and other buildings, if any) in respect of which allowance has been made for repairs. In comparing the cost of maintenance, etc., with the annual value, the total cost on any land managed as one estate, or of any houses on such land, must be compared with the total annual value of the land or houses.

A reduction of the assessments under Schedules A and B may be made in respect of losses caused by floods or tempests.

Exemptions are allowed to charities, hospitals, scientific institutions, etc. (See *Charities*, p 952.)

Duties under Schedule A are chargeable on and payable by the occupier for the time being, his executors, administrators, and assigns. Every person having the use of any lands or tenements is considered to be the occupier. Occupiers, being tenants, may deduct tax from their next payment of rent. Tenants called upon to pay arrears of tax due from former occupiers may deduct such amounts from their rent. Tenants leaving during the year may be held liable for the period which has elapsed.

For any dwelling-house of an annual value of less than £10, the assessment should be charged to the landlord, but so as not to impeach the remedy of recovering the duty from the occupier. Any landlord may apply, before July 31st in any year, to be charged as to the duties, which may in such case be recovered from him or from the tenant. A house which is divided into distinct properties and occupied by distinct owners or their respective tenants, is chargeable on the occupiers. Any house let in different tenements or apartments, and occupied by two or more persons severally, should be charged as one house on the landlord. In default of payment by him, duty may be levied on the tenant and deducted from any subsequent payment of rent.

A person liable to pay rent or other annual payment (either as a charge on the property or as a personal obligation), whether payable half-yearly or at other periods, may retain thereout duty at the rates in force while it is accruing, but no more duty may be deducted by a tenant than he has actually paid on the property. Landlords, owners, and proprietors may retain tax on charges. Mortgagees or creditors in possession are liable to pay or to suffer deduction of tax. No contracts between landlord and tenant, or other persons, touching payment of tax are binding if contrary to the intent of these provisions.

Schedule B. Duty is chargeable on the annual value adopted under the general rule of Schedule A. It is charged on all properties assessed under that rule, except dwelling-houses not occupied under one demise, with a farm of lands or tithes for the purpose of farming such lands or tithes, and except warehouses or other buildings occupied for the purpose of carrying on a trade or profession. It is paid and borne by the occupier. Land not used for the purpose of farming is chargeable on one-third of the annual value.

Profits arising from lands occupied as nurseries or gardens for the sale of the produce are estimated under the rules of Schedule D. Any person occupying lands for the purposes of husbandry only may elect to be assessed under Schedule D by giving notice by June 5th in each year. A person so occupying lands and making a loss may appeal at the end of the year. (See *Appeals*, p. 950.)

Schedule C includes profits arising from interest, annuities and dividends, and shares of annuities payable out of any public revenue, whether British, Colonial, or foreign. The duty is assessed by the Special Commissioners on the persons and bodies entrusted with the payment of the income concerned. These persons and bodies are required to deliver to the Board of Inland Revenue written statements showing their names and residences and particulars of the sums entrusted to them for payment. The statements must be delivered within one calendar month of the publication in the *London Gazette* of a notice requiring them. On demand, the persons referred to must deliver, for the use of the Special Commissioners, accounts of all amounts payable by them. Duty must be paid to the Board's account in the Bank of England, and a corresponding deduction may be made in paying the annuities to the persons entitled thereto. The Commissioners are not bound to assess annuities, etc., entrusted to the Bank of England or to the National Debt Commissioners, where the half-yearly payment does not amount to 50s. (The interest on certain War Loans also is paid without tax being deducted.) In such cases duty is chargeable on liable persons under Schedule D, Case III.

Liability extends to dividends, etc., where the right or title of the person to whom they are payable is shown by the registration of his name in any book or list ordinarily kept in the United Kingdom. Income tax is not payable, however, in respect of the interest or dividends of any foreign or Colonial possession where it is proved to the Board that the person owning the securities and entitled to the interest is not resident in the United Kingdom. Any repayment of duty must be claimed within twelve months after the year of charge.

The expression "person entrusted with payment," referred to above, includes (a) any banker or person acting as a banker who sells or otherwise realises coupons for bills of exchange, (b) any person who, by means of coupons (including warrants for bills of exchange, etc.), obtains payment of dividends elsewhere than in the United Kingdom; (c) any dealer in coupons purchasing coupons for dividends (save such as are payable in the United Kingdom only) otherwise than from a banker or another dealer. Such persons, having performed all acts necessary to the assessing and paying of the duty, are entitled to not less than 3d in the £ on the amount paid. No obligation is imposed on any banker or other person to disclose any particulars

relating to the affairs of any person on whose behalf he may be acting.

Exemptions are allowed to friendly societies, savings banks, charitable trusts (and for stock applied solely to the repairs of any building used solely for the purpose of divine worship), to foreign ministers, and to the Crown. All claims must be made in writing to the Special Commissioners.

Schedule D. The most profitable source of income tax is Schedule D, and the tax is charged under it—

(1) on any person residing in the United Kingdom, in respect of annual profits and gains arising from any property or any profession, trade, or vocation, whether situate or exercised in the United Kingdom or not;

(2) on any person, whether resident in the United Kingdom or not, in respect of the annual profits or gains arising from any property or any profession, trade, or vocation situate or carried on in the United Kingdom;

(3) in respect of interest (see under *Interest*) and other annual profits not charged in any other schedule.

On the ground that trading requires two parties, it has been held that the annual surplus realised on the business of a mutual life insurance company (whose policy holders and members are identical) is not profit assessable to income tax; also that moneys received by a local authority from a compulsory water rate in its own district fall similarly without the term "profits."

Where a company sells its assets (such as investments, lands, etc.) as an essential feature of its business, any surplus realised is held to be assessable. The profits of a person who systematically bets at race-meetings are also assessable.

It has been held that it is immaterial that the profits of a trade are applied to an object indicated by Act of Parliament, to public purposes, to charity, or to the repayment of debts.

Any British subject whose ordinary residence has been in the United Kingdom, and who has gone abroad for the purpose of occasional residence, is chargeable as a resident. Any person who is in the United Kingdom for some temporary purpose is only chargeable as a resident after six months' residence in the United Kingdom; or if he has claimed exemption as a non-resident and departed abroad and returned during the same year of assessment.

It has been held that the following persons are chargeable as residents: A master mariner who is abroad the whole year, but whose wife and family reside in the United Kingdom; a merchant who is ordinarily resident in Italy, but who resides in the United Kingdom for several months in the year; an American citizen who spends about two months a year, in the shooting season, in a house in Scotland rented by him. Companies are regarded as resident in the United Kingdom if the seat of management is here.

Cases heard on the claims of British residents that their profits are derived from businesses carried on abroad have been decided on the question of management. Where the centre of management is in the United Kingdom, it has been held (even in the cases of companies registered abroad) that the business is carried on here.

The profits are estimated in the following manner—
Case I. Profits in respect of any trade, manufacture, adventure, or concern in the nature of trade,

quarries, mines, ironworks, gasworks, waterworks, salt springs, docks, railways, canals, fishings, markets, tolls, ferries, and bridges—on the profits of the preceding year ending on April 5th or on such day of the year immediately preceding on which the accounts have been usually made up. If the concern has been set up within the year of assessment, the profits should be estimated according to the rule for Case VI. Prior to April 6th, 1927, assessments were based upon the average profits of the three preceding years.

Case II. Profits in respect of professions or vocations—on the preceding year's profits as in Case I. The profits assessed under Cases I and II must exclude the profits derived from lands, etc., occupied for the purposes of the concern.

Case III. Profits of an uncertain value (including interest not being annual interest, and the profits of a dealer in cattle or a seller of milk not covered by the assessment under Schedule B. Tithes arising from lands, compounded, and fines in consideration of any demise of lands, or tenements. Tithes taken in kind and dues, and money payments in right of the church or by endowments. The profits of a manor or other royalty on the profits of the preceding year.

Case IV. Profits in respect of interest arising from foreign and Colonial securities (except those charged under Schedule C)—on the full amount of the sums received in the United Kingdom during the preceding year.

Case V. Profits in respect of sums or value received in the United Kingdom from foreign or Colonial possessions—on amount received during the preceding year.

Case VI. Profits not falling under any other schedule or under Cases I to V—on such computation as the case may require or the Commissioners direct.

The computation of duty in respect of any trade, manufacture, adventure, or concern, or any profession carried on by two or more persons jointly is made jointly and in one sum, separate and distinct from any other duty chargeable on the same persons. A return is required from the partner first named in the deed of partnership or, where there is none, from the partner named singly or with precedence in the usual name of the firm, unless he does not act, when the duty falls to the precedent acting partner resident in the United Kingdom. The return must be made on behalf of all the partners, and must show their names and addresses. Where no partner is resident in the United Kingdom, the return should be made by the agent, manager, or factor resident in the United Kingdom, but the assessment should be made on the partnership. The Commissioners may require particulars from all partners as from the precedent partner.

Profits are assessable on the basis referred to, notwithstanding any change in the partnership (whether by death or dissolution or partnership or otherwise) of the partners, or by admitting any other partner, or by the cessation of another person to the partnership before the time of making the assessment, or within the period to which the assessment ought to be made, if the change or the admission or cessation gives rise to the Commissioners' satisfaction that the profits have fallen short, or will fall short, from some specific cause since the change or succession took place, or by reason thereof. Where a tramp steamship was sold without the transfer of

books or customers, it was held that a new business had been set up. Where, however, a small bank was taken over by a large one, it was held that the business was succeeded to and should be assessed on the average profits. The words "specific cause" have been held to include an exceptional and extraordinary depression of trade. The provision as to "specific cause" ceases to operate as from 5th April, 1928.

Commencing 6th April, 1928, the profits are assessable on the basis referred to notwithstanding any change in partnership (whether by retirement or death, or dissolution of partnership) as to one or more of the partners, or by admitting any other partner, provided any member of the new partnership had a share in the old partnership.

If all the persons who had a share in the partnership immediately before and after the change make application to the inspector of taxes within three months of the change the partnership may be treated as a new business and the old one as a discontinued business.

Where a person (having no previous interest) succeeds to any business such business is considered as a new one and the old business as a discontinued one.

A partnership formed into a limited company is deemed to be a new business.

If a person ceases, within the year of assessment, to carry on a concern and is succeeded by another person, the Commissioners may apportion the duty between them.

A person carrying on more than one trade, manufacture, adventure, or concern in the nature of trade, may set any loss sustained in one of them against the profits of another.

Householders (except persons engaged in trade, etc.) are chargeable where their dwelling-houses are situated. Persons engaged in trade, etc., are chargeable where it is carried on. Persons who are not householders, nor engaged in trade, are chargeable at their ordinary place of residence. Any other persons are chargeable at their places of residence at the time the general notices for returns are given, or where they first come to reside after that time. Manufacturers are chargeable at the place of manufacture and not at the place of sale.

A person who is entrusted with the payment of any interest, dividends, or annual payments payable out of or in respect of the stocks, funds, or shares of any foreign or Colonial company or concern, is required to do all acts necessary to the assessing of the duties, as shown as regards remittances from foreign public revenue (see under Schedule C). Income tax is not payable, however, in respect of any foreign or Colonial interest or dividends payable in the United Kingdom, where it is proved to the Board of Inland Revenue that the person owning the securities and entitled to the interest or dividends is not resident in the United Kingdom. Repayment of duty may be claimed within twelve months of the end of the year of charge.

In estimating profits for assessment, deductions may not be made in respect of the following items—

- (1) The repairs of premises or of implements beyond the actual expenditure in the preceding year.
- (2) Any loss not connected with or arising out of the concern.
- (3) Any capital withdrawn, or any sum intended to be employed as capital, or any capital employed

in the improvement of the premises. It has been held that no deduction may be made in respect of depreciation of capital, except that allowed by express enactment (See *Depreciation*, p. 952). Allowances have also been refused in respect of the exhaustion of the ground of a cemetery company and of a company engaged in extracting nitrate. The following expenses are also regarded as being of a capital nature: The loss incurred by a company in lending money to a subsidiary company; interest paid on borrowed capital (even though not annual interest); money paid to the manager of a business purchased, in commutation of his salary; a bonus payable on the repayment of borrowed capital; the expenses incurred in removing a business to other premises; sums spent in improving a railway line; sums set aside for the expenditure of future years in restoring gasworks purchased in a defective condition.

(4) Any interest which might have been made on the capital of the concern.

(5) Any debts, except bad debts, proved to the satisfaction of the Commissioners.

(6) Any loss beyond the actual amount thereof.

(7) Any sum recoverable under an insurance or contract of indemnity.

(8) Any annual interest or other annuity, or other annual payment. It has been held that no deduction may be made in respect of interest paid to debenture holders residing in Egypt, where the property was situated.

(9) Any disbursements or expenses not wholly or exclusively laid out or expended for the purposes of the concern. Deductions have been refused in respect of the following payments: Income tax paid in the United Kingdom (Colonial income tax may be deducted); a subscription to secure an indemnity in the event of stoppage of work; compensation paid to a visitor in an hotel for injuries caused by a falling chimney; payments made by brewers for the right to call for the surrender of licensed houses.

(10) Any disbursements or expenses of maintenance of the persons assessed, their families or establishments.

(11) The rent or value of any dwelling-house or part thereof, except such part as is used for the purposes of the concern, on account of which a deduction may be made of a sum not exceeding two-thirds of the rent paid or of the annual value reduced by the allowance for repairs. It has been held that the amount of the premium paid for a lease must be disregarded.

(12) Any sum expended in any other domestic or private purpose distinct from the purposes of the concern.

Schedule E. Income tax is charged under Schedule E in respect of every office of employment or profit, and upon every annuity, pension, or stipend payable by the Crown or out of the public revenue of the United Kingdom, except annuities chargeable under Schedule C.

• Duty is charged on persons having or exercising an office, or to whom the annuities, pensions, or stipends are payable. The schedule includes any office belonging to either House of Parliament; any court of justice in England, Scotland, Wales, the Duchy of Lancaster or Cornwall; any criminal, justiciary, or ecclesiastical court; any court of admiralty, commissary court, or court-martial; any public office held under the civil government of His Majesty, or in a county palatine or Duchy

of Cornwall, any commissioned officer of the Army, Navy, Militia, or Volunteers; any office or employment of profit under an ecclesiastical body, or under any public corporation, or under any company or society, whether corporate or not corporate, or under any public institution or public foundation of whatever nature; any office or employment of profit in any county, riding, etc., or in any city, borough, town corporate, or place, or under any trusts or guardians of any fund, etc., in such county, etc.; and every other public office or employment of profit of a public nature.

Liability extends to "all salaries, fees, wages, perquisites, or profit which accrue by reason of office." It has been held that this description includes Easter offerings made to a clergyman by his congregation, and other voluntary subscriptions and grants given because of the office held by the recipient.

Assessments are in force for one whole year, and may be levied for that year without a new assessment being made, notwithstanding any change during the year. If a person dies, his executors are liable for arrears of duty. If the annuity, pension, or stipend ceases, or any diminution in salary occurs within the year, a portion of the assessment may be discharged. When any person becomes entitled to any additional salary, fees, or emoluments, beyond the amount of his liability at the commencement of the year, he is chargeable for the same by additional assessment.

Perquisites (which are described as such profits of offices and employments as arise from fees or other emoluments, and are payable either by the Crown or by the subject) may be estimated on the profits of the preceding year, such year ending on 5th April, or such other day on which the account of the profits has been usually made up.

Deductions may be made of such duties or other sums chargeable on the office by Act of Parliament as are really and *bona fide* paid and borne by the person charged. Also there may be deducted all official deductions and payments made from the salaries, fees, wages, perquisites, profits, or pensions, if a due account thereof is rendered to the satisfaction of the Commissioners. In assessing duty in respect of any public office or employment, where the person exercising the same is necessarily obliged to incur and defray out of the salary, fees, or emoluments the expenses of travelling in the performance of the duties thereof, or of keeping and maintaining a horse to enable him to perform the same, or otherwise to lay out and expend money wholly, exclusively, and necessarily in the performance of his office or employment, it is lawful for him to deduct from the amount of the salary to be assessed the amount of all such expenses and disbursements necessarily incurred and defrayed. Allowance has been refused in respect of the wages of a domestic servant employed in the home of a national schoolmistress. Expenses incurred by directors of a public company and by a clerk to justices, in travelling from their residences to their places of business, are not admitted as deductions. Payments made by a clergyman to a substitute have also been disallowed.

The duties are assessed in the place where the offices are executed, and persons assessed for offices are deemed to have exercised them at the head office of the department under which they are held, although the duties are performed or the profits are payable elsewhere, within or out of the United Kingdom.

Statements of profits from offices chargeable by the Commissioners for a department are not required under a general notice. The assessors are furnished with accounts of salaries and may require returns.

Duties on salaries, etc., payable at any public office or elsewhere are required to be stopped from payments made on account of such salaries, etc. Duties which cannot be stopped may be certified, in case of non-payment, to the Commissioners for the district where the defaulter resides, who are required to issue their warrant for levying the arrears.

In assessing duty under any schedule on a clergyman or minister of any religious denomination, a deduction may be made of any expenses incurred by him wholly, exclusively, and necessarily in the performance of his duty or function. Where a clergyman or minister occupies a dwelling-house and uses any part thereof mainly and substantially for the purposes of his duty or function as such clergyman or minister, such part of the rent of the dwelling-house, not exceeding one-eighth, as the Commissioners allow may be treated as an expense for which allowance may be made. If the deduction is not made, repayment may be claimed.

All bodies politic, corporate, or collegiate, companies, fraternities, fellowships, or societies of persons corporate or not corporate are chargeable with like duties as any person. The officers acting as treasurer, auditor, or receiver are required to do all acts requisite for the assessing and paying of the duties chargeable on the body and on the employees. In the case of any company, the duties imposed on the officers must be performed by the secretary or other officer (by whatsoever name called) performing the duties of secretary.

The General Commissioners may grant a certificate entitling a person paying any interest, annuity, or other annual payment, payable out of profits or gains charged to duty, to deduct duty therefrom. The deduction may be made without a certificate where the profits or gains concerned arise from lands, tenements, hereditaments, or heritages, any office of employment of profit or any annuity, pension, stipend, or share in public annuities.

Where any person has been charged more than once for the same source, on the same account, and for the same year, the assessment or assessments wrongly made may be discharged by the Commissioners or by the Board of Inland Revenue. Duty over-paid may be repaid.

In the Irish Free State, assessments are made by the inspectors of taxes or other officers of Inland Revenue appointed by the Board, and they are allowed and signed by the Special Commissioners. Assessments under Schedule A are made on the landlords, immediate lessors, or persons rated to the poor. All appeals are heard by the Special Commissioners, but any person aggrieved by their determination may give written notice to the inspector of taxes, within ten days, requiring that the appeal shall be re-heard by the assistant barrister; or, in the county of Dublin, by the chairman of the sessions of the peace, or, in the city of Dublin or the borough of Cork, by the recorder. The decision arrived at, at the re-hearing, is final, save for the statement of cases for the High Court. (See *Appeals*, p. 950.) On any appeal an assessment under Schedule A may be reduced to the annual rent at which the property is worth to be let, even if this is less than the value in the poor relief valuation.

If this reduced annual value is less than the actual rent, the tenant or occupier is assessable on the difference. Landlords may claim the return of duty paid by them in respect of so much of their rent as is lost by the bankruptcy, insolvency, or absconding of the tenant, by the fraudulent assigning or removing of his goods; or by reason of the property being waste or unoccupied. Application must be made to the Special Commissioners within twelve calendar months after the expiration of the year of assessment.

A married woman acting as sole trader, or having separate property or profits, is chargeable as if actually sole and unmarried, except that the profits of a married woman living with her husband are deemed to be his profits and are chargeable in his name. A married woman living in the United Kingdom separate from her husband (whether her husband is temporarily absent from the United Kingdom or otherwise) is chargeable as a *feme sole* on any allowance or remittance from property out of the United Kingdom, if entitled thereto in her own right, and as the agent of her husband, if it is received from or through him or from his property or credit.

Railways are assessed under Schedule D, No. I, on the actual profits of the preceding year. Assessments are made by the Special Commissioners, who also assess the duties payable in respect of persons holding an office or employment of profit under the companies. The latter assessments are made on the companies, and the secretaries are authorised to retain the duty out of the salaries concerned.

In addition to those which refer to officers acting in relation to Inland Revenue, the following penalties are imposed for offences against the Income Tax Acts—

On any person who gives or offers any sum of money or promise of money to any person employed in relation to Inland Revenue, or proposes or enters into any agreement with such person to do, abstain from doing, conceal or connive at any act whereby the Crown may be defrauded, a penalty of £500 is imposed for each offence. It is provided that the offender who, before information is lodged against him, first informs against any other offender shall be acquitted of such fine.

On any person who ought to deliver a true and proper return and does not do so, a penalty not exceeding £20 and treble the duty ordinarily chargeable may be imposed by the General Commissioners. These penalties apply to cases of failure to make the required return of employees. In case of failure to make a return of profits on the part of a person who proves that he is not chargeable, the penalty imposed may not exceed £5 for one offence.

On any person who makes a false return under Schedule A as to the value of any premises, or refuses or neglects to produce any lease or agreement, with intent to conceal such value, treble duty may be charged and a penalty of £20 imposed.

On any person entrusted with the payment of foreign annuities, dividends, etc., and not delivering an account thereof, a penalty of £100 may be levied.

On any person making a false claim to exemption, abatement, etc., or a double claim, a fine of £20 is imposed and treble duty on his whole income has to be paid. Any person making a false

claim to exemption of stock is liable to a penalty of £100 and to pay treble duty on the stock in question. The penalty for a false claim to an abatement for loss by floods is £50 and treble duty on the lands. Any person who makes a fraudulent claim under the Finance (1909-10) Act, 1910 (referring principally to super-tax and allowances in respect of children) is liable, on summary conviction, to be imprisoned for a term not exceeding six months with hard labour.

On any person making a fraudulent appeal at the end of the year in respect of a loss incurred by him, the penalty imposed is £50. Any person failing, when summoned, to appear as a witness on any appeal is liable to a penalty of £20. A penalty not exceeding £20 and treble duty is imposed on any person who neglects to deliver the schedule required by the Commissioners on an appeal.

On a limited company failing to state on dividend warrants the gross dividend, amount of tax deducted and net dividend. Penalty, £10 for each offence, but limited to £100 in connection with each distribution.

Other penalties imposed are for obstructing an officer, £100, for defacing any church door notice, £50; for abetting a false claim, £500; for refusing to allow the deduction of tax from rent, interest, or other annual payment, £50, or, in some cases, treble the principal sum.

Proceedings for the recovery of any fine or penalty may be commenced within six years after it is incurred. All penalties not exceeding £20, and such penalties exceeding £20 as are directed to be added to assessments, are recoverable before the General Commissioners where the offence was committed.

No claim to repayment is allowed unless it is made within six years after the end of the year of assessment to which it relates. In certain cases a short period is limited (See *Appeals*, p. 950).

Special exemptions are allowed as follows—

The British Museum is specifically granted the exemptions allowed to charitable institutions in respect of property and dividends.

The duty on any house belonging to the Crown, which is in the occupation of any officer by right of office or otherwise (except apartments in royal palaces) is chargeable on and payable by the occupier. Crown properties and stock are exempt by privilege. It has been held that this exemption extends to assize courts, police stations, etc., but not to municipal offices.

Foreign ministers resident in the United Kingdom are exempted in respect of stock and dividends. The duty in respect of houses occupied by such ministers is chargeable on and payable by the landlords.

Savings banks are exempted, under Schedules C and B, so far as their funds are applied as interest to any depositor not exceeding £15 in the year for which exemption is claimed. Such interest, when received by persons liable to tax, is assessable under Schedule D, Case III.

Officers in Relation to Income Tax. The duties are under the management of the Commissioners (or Board) of Inland Revenue, who are appointed by the Crown, and are authorized to do all things necessary for putting the Income Tax Acts into execution, subject to the control of the Treasury. Under the Board's authority there are appointed inspectors of taxes.

The assessments are made by local Commissioners of taxes, described as General Commissioners and Additional Commissioners respectively. They are usually appointed by the Land Tax Commissioners from among their own number, and are subject to a property qualification. The General Commissioners appoint their clerk, whose salary and expenses are paid by the Board. There are also Commissioners for the duties on public offices, who are appointed by the head of their department or by the Treasury to assess the duties on salaries, etc., paid in the department. The Special Commissioners are appointed by the Treasury.

The General Commissioners appoint such inhabitants as they think fit to be assessors. The office may not be refused. They also appoint collectors, except where, by their default in appointing or taking security, the appointment has reverted to the Board. A collector may be required to give security for the amount of the duties, either by the General Commissioners, by the Board, or by two inhabitants of the parish. In England and Wales any parish is liable to the re-assessment of any duties lost by the default of the collector, except when such collector has given security to the Crown or has been appointed by the Board.

Commissioners, collectors, and officers acting in relation to Inland Revenue may not be compelled to serve as mayor or sheriff, or in any other parochial office, or on any jury, or in the Militia.

Collection of Income Tax. Income tax is payable in two equal instalments, one on the 1st January, and the other on the 1st July. Duty charged by any additional assessment is payable on the day after that on which it has been signed or allowed.

For Scotland or Ireland, the Treasury may make regulations for payment by postage stamps, and for Scotland or for any parish in England for which the collector is appointed by the Board, and the Treasury direct, payment may be made by Post Office order.

The collectors are required to demand the duties, when due, and the demand note should contain, in the case of duty charged under Schedules A and B, particulars of the properties assessed, and of the assessments. Where the particulars are not so given, they must appear on the receipt. Receipts are exempt from stamp duty.

Any duty unpaid is recoverable as a debt to the Crown. Non-payment of duty charged in respect of any house or building does not disqualify a person from voting in Parliamentary elections.

If payment is refused, the collector is required to distrain upon the property charged, or to distrain the person charged by his goods and chattels, on the authority of the warrant delivered to him on his appointment. Where the tax due is less than £50 he may take summary proceedings as a civil debt. Where lands charged under Schedule A are unoccupied, and no distress can be found thereon at the time the duties are payable, the collector may, at any time after when distress is found thereon, enter upon the said lands, and seize and sell. Duty under Schedules A and B may be levied on the occupier for the time being, notwithstanding any change of occupation during the year of assessment, but any tenant may be held liable for the period which has elapsed when he leaves. No distraint is allowed in respect of arrears which ought to have been levied on and ultimately paid by any former occupier.

A collector may break open any premises in the

day time, under a warrant obtained for the purpose from the Commissioners.

A levy or a warrant to break open must be executed by, or under the direction of, and in the presence of the collector. The goods distrained upon must be kept five days. If the duty is not then paid, the goods may be sold by auction, any surplus received after paying the costs and charges is returnable to the owner. The Crown has, after the landlord's suit for rent, prior claim on the defaulter's goods for the amount of one year's arrears. A person refusing to pay within ten clear days after demand may be committed to prison by the General Commissioners, if sufficient distress to levy is not found.

When a person removes from a parish leaving duties unpaid, or resides in another parish, the General Commissioners for the parish where he has removed or is may raise and levy the duties on him, or commit him to prison.

Appeals. Notice of the assessments is given at least fourteen days before the day of appeal, and a public notice is posted on the church door stating the day which has been fixed. In the case of assessments under Schedules A and B, notice thereof may be given by the delivery of the book of assessments to the assessor, for inspection by the persons charged.

Any person (including any owner or person in receipt of rent) who is aggrieved is entitled, on giving ten days' notice of objection, to appeal within twenty-one days of the notice of assessment.

At the appeal the inspector and the assessor are entitled to be present during the whole time the Commissioners are determining the matter. If the Commissioners refuse to hear a barrister, solicitor, or accountant, the appellant may appeal to the Special Commissioners, who are bound to hear such barrister, etc.

The Commissioners may order, or the appellant may require, the valuation of any property concerned by a valuer named by the Commissioners.

The Commissioners may require a schedule containing stated particulars of the property or profits, and may examine the appellant and summon witnesses. In certain cases where the appellant has failed to give the schedule required, or has given false information, they may add to the assessment treble duty on the whole or a part thereof.

Any assessment may be increased at the appeal.

In the Irish Free State the appeals are heard by the Special Commissioners, subject to further appeal to the assistant barrister.

In Great Britain any appellant assessed under the rules of Schedule D may require the appeal to be heard by the Special Commissioners, subject to further appeal on a case stated to the Commissioners of Inland Revenue.

The decision arrived at on any appeal is final, except that, if the appellant or the inspector immediately expresses his dissatisfaction therewith on a point of law, he may, within twenty-one days, pay 20s. to the clerk, and require the Commissioners to state a case for the opinion of the High Court. The assessment is dealt with according to the decision of the High Court, subject to further appeal to the Court of Appeal, and from there to the House of Lords.

Appeals are allowed at the end of the year as follows—

(1) If, during the year of assessment, a person ceases to exercise his trade, profession, employment,

or vocation, or dies, or becomes bankrupt, he, or his executors, may, within twelve months of the end of the year, apply to the Commissioners, who shall amend the assessment as they think just, and order repayment of the sum over-paid, if any. A person succeeding to any business concern, and claiming adjustment, must prove that the profits have fallen short from some specific cause.

(2) On the cessation of any business, the person assessed may apply to be charged on the actual profits of the closing year, but the Revenue may claim to have the assessment of the previous year, adjusted to the actual profits of such year.

(3) When a business concern has been set up within the current year, a claim may be made for the assessment to be based on the actual profits of the year.

The second year's assessment is based upon the actual profits of the first year with the right to an adjustment to the actual profits of the second year.

(4) In the event of loss, the person assessed may, on application within twelve months of the year of assessment, be repaid so much of the tax paid on his aggregate income for the year as is equal to the tax on the amount of the loss. When this is done, the loss may not be set against the assessments of subsequent years.

Where no claim is made for repayment of tax in respect of loss, such loss may be set against future assessments, limited to the following six years.

The following points of interest connected with the income tax are here set out in alphabetical order—

Allowances from Income Tax Assessments.

Claims for allowances must be made on the forms provided, the claimant declaring and setting forth thereon all the particular sources from which the income arises and the amount from each source, and also every sum of annual interest or other annual payment reserved or charged thereon whereby the income may be diminished, and also every sum which the claimant may be entitled to charge against any other person on account of income tax. The income of an individual member of a partnership is deemed to be the share to which he is entitled during the year to which the claim relates in the partnership profits as estimated according to the rules of the Income Tax Acts. All claims to repayment must be made within six years after the end of the year of the assessment to which they relate.

Claims to allowances which depend wholly or partially on the total income of an individual from all sources, may not be made by any person who is not resident in the United Kingdom. It is provided, however, that any person who is or has been employed in the service of the Crown, or who is employed in the service of any missionary society abroad, or who is employed in the service of any of the native States under the protectorate of the British Crown, or who is resident in the Isle of Man or Channel Islands, or who satisfies the Board that he is resident abroad for the sake of health, or is a widow in receipt of a pension chargeable with income tax and granted to her in consideration of her late husband's service under the Crown, shall be entitled to any relief, exemption, etc., to which he or she would be entitled if resident in the United Kingdom, and if the total income from all sources were calculated as also including any income in respect of which the tax may not be chargeable.

A penalty of £20 and treble duty on the whole income is imposed in cases of false claims.

The total income from all sources having been ascertained, the assessable income can be calculated. First the *earned* income is reduced by one-sixth, this being the allowance granted by the Finance Act, 1925. The amount of this allowance must not, in any case, exceed £250. Except in the case mentioned below, no such allowance can be claimed in respect of unearned income, which is now called investment income. The allowance of one-sixth is granted in respect of the investment as well as the earned portion of the income, where the taxpayer or his wife has reached the age of 65 and the combined total income does not exceed £500. The assessable income is then reduced by the allowances applicable to the particular case in order to arrive at the taxable income. The taxable income is then chargeable, as to the first £225 at half the standard rate (at present 2s.), and the remainder at the full rate of 4s. in the £.

The allowances now granted are as follows—

PERSONAL ALLOWANCE. A bachelor, spinster, widow or widower is entitled to a personal allowance of £135. A married man living with his wife is granted a deduction of £225. If the total income includes earned income of the wife, the above allowance may be increased by an amount equal to $\frac{3}{8}$ ths of the first £50 of the wife's earned income.

Children. For each child under the age of 16 years at the commencement of the year of assessment, and for each child above this age who is receiving full time instruction at an educational establishment, a deduction from income can be claimed as follows—£36 for the first child, and £27 for each of the others. The word "child" includes a step-child, and an illegitimate child if the parents have married since its birth, and the child is maintained by the taxpayer. The deduction is not allowed if a child has in his own right an income exceeding £40 a year.

Relatives. A widower having residing with him a family relative of his or of his deceased wife, for the purpose of having the charge of any child described above, is allowed a deduction of £60. The allowance applies when a widow has residing with her for the above purpose a family relative of her or of her deceased husband, and also in cases where an unmarried person has living with him his mother or some other family relative for the purpose of having charge of any brother or sister in respect of whom the children's allowance may be granted, provided such person maintains his mother or relative at his own expense. This allowance is granted in respect of a widower's house-keeper even if there are no children. If an individual maintains at his own expense (a) any relative of his or of his wife, who owing to old age or infirmity is unable to maintain himself or herself, (b) his or his wife's widowed mother, he is entitled to a deduction of £25 provided the income of such relative does not exceed £50 per annum.

Where, by reason of old age or infirmity, a taxpayer is compelled to depend on the services of a daughter who is resident with him, an allowance of £25 may be claimed.

The relevant deductions having been made, the taxable income is arrived at. Of this, the first £225 is chargeable at 2s. in the £, and the remainder at 4s. in the £.

Example.—The total income of a married man with three children all under 16 years of age at

the beginning of the year of assessment is £900, all earned, he also maintains a relative who is incapacitated by old age

Total Income	£900
less $\frac{1}{4}$ th	150
Assessable Income	£750
Allowances—	
Marriage	£225
Children	90
Dependent relative	25
	340
Taxable Income	410
Chargeable £225 at 2s.	
£185 at 4s	

INSURANCE. The allowance for life assurance is governed by rules, those at present in force being as follows (a) the premiums must be only sums payable under a life policy or under a contract for deferred annuity; (b) the insurance must be on the life of the taxpayer or on that of his wife, (c) the contract must be made with a company carrying on business in the United Kingdom; (d) the premiums must not exceed $\frac{1}{4}$ th of the total income, (e) no allowance may be made in excess of 7 per cent. of the sum assured at death, ignoring bonuses; (f) where no sum is secured at death, the allowance in respect of premiums may not exceed £100 per annum. In the case of policies taken out after 22nd June, 1916, the following additional rules apply: no allowance is made unless a capital sum at death is secured, in the case of a policy of deferred assurance no allowance is made in respect of premiums payable during the period of deferment, except where the assurance is effected in connection with certain superannuation or pension schemes. The rate of tax at which relief is granted varies according to the following rules—

(1) On life assurance or deferred annuity contracts made after 22nd June, 1916, no matter how large the income is, and in the case of all other assurances where the aggregate income does not exceed £1,000, 2s. in the £.

Where the aggregate income exceeds £1,000 and not £2,000, in respect of assurances or deferred annuity for contracts made before 22nd June, 1916, 3s. in the £.

Where the aggregate income exceeds £2,000 and the contracts were made before 22nd June, 1916, 4s. in the £.

The assurance allowance is deducted from the amount of the tax payable on the taxable income.

Assessment to Income Tax. Income tax is imposed annually, and assessments are made for each year commencing on April 5th. Under Schedules A and B the amounts of the assessments remain in force for several years, unless a person is under-rated or omitted, or if lands have been divided or premises structurally altered. In any other year, when a new valuation is not made, that of the preceding year is adopted by the Finance Acts. In the metropolis the assessments are made every five years and the full and just yearly rent is deemed to be the gross value stated in the valuation lists of the local assessment committee.

Notices requiring returns are fixed by the assessors on church doors and market houses, and individual notices are also served. Returns must be made to the assessors, who deliver them to the General

Commissioners, unless a special assessment is asked for. (See *Special Assessments*, p 954)

Under Schedules A, B, and E the assessors make assessments to the best of their judgment. They are delivered to the inspector, with the returns, for his examination. The inspector may rectify them, if necessary, after which they are considered by the General Commissioners, who make such assessments as they think fit.

Under Schedule D the assessor delivers to the inspector a list of persons whom he has served with forms, and estimates the liability when no returns are made. The clerk to the Commissioners makes an abstract of the returns in books. The inspector examines the returns and the assessor's estimates, after which the Additional Commissioners make such assessments as appear just, and deliver them to the General Commissioners. Notices of these assessments may not be given to the persons assessed until fourteen days after this delivery has been made and notice thereof has been given to the inspector. For subsequent procedure, see under *Appeals*, p. 950

If any person comes to reside in any parish in which he has not been charged for the same year, he may be given notice to declare, within fourteen days, where he has been charged, or to deliver a statement for the purpose of being assessed.

If, after the first assessments have been signed and allowed, the inspector discovers any omission or under-charge, or that a person charged has not made a full and proper return, or that any allowance has been improperly granted, he may, under Schedules A, B, and E (and within six years of the expiration of the year of assessment), certify the matter to the General Commissioners, who are required to sign an additional first assessment, subject to appeal. In cases under Schedule D, the Additional Commissioners are required, within the same period, to make an additional first assessment, subject to the objection of the inspector and to appeal.

In any cases of under-assessment, the inspector may make a surcharge on the person liable, which must be signed by the General Commissioners, subject to appeal. Where the Commissioners consider that satisfactory information is not given by the appellant, they may charge him in treble duty.

No assessment or charge may be impeached by reason of a mistake therein, provided that the notice of charge is duly served on the person intended, and contains, in substance, the particulars on which the charge is made.

Charities. Exemption is allowed from income tax under Schedule A, in respect of the following properties: Public buildings and offices belonging to any college or hall in any university (not occupied by any member or by any person paying rent); public buildings, offices, and premises belonging to any hospital, public school, or almshouse (not occupied by any officer whose income amounts to £150 a year, or by any person paying rent); any building, being the property of any literary or scientific institution, which is used solely for the purposes of such institution, and in which no payment is demanded or made for any instruction afforded there by lectures or otherwise (provided that the building is not occupied by any officer or by any person paying rent)

The exemption stated above is granted by the General Commissioners

Exemption may also be allowed in respect of the

rents and profits of lands, tenements, hereditaments, or heritages belonging to any hospital, public school, or almshouse, or vested in trustees for charitable purposes, so far as the same are applied to charitable purposes. Such exemption is granted on proof before the Special Commissioners of the due application to charitable purposes only.

Exemption from tax may be claimed under Schedule B in respect of lands occupied by a charity for the purposes of husbandry, and under Schedule D in respect of the profits of a trade carried on by a charity, provided that in each case the work is mainly carried on by beneficiaries of the charity, and that the profits are applied solely to the purposes of the charity.

If the trade is not carried on by the charity, but by trustees who pay over the profits, then tax may be reclaimed on the amount paid over to the charity.

The stock (assessed under Schedule C) of any corporation, fraternity, society, or trust established for charitable purposes only, in so far as it is applied to charitable purposes only, and any yearly interest or other annual payment (assessed under Schedule D) may be exempted from income tax on due proof before the Special Commissioners

It has been decided that the word "charity" must be regarded in its legal sense, and that it includes trusts for the relief of poverty, for the advancement of education or religion, and for other purposes beneficial to the community.

Depreciation. In assessing the profits of a business no deduction may be made in respect of depreciation of capital, except as follows—

The Commissioners are required, in assessing profits under Schedule D or by the rules of Schedule D, to allow such deduction as they think just and reasonable as representing the diminished value by reason of wear and tear during the year of any machinery or plant, used for the purpose of the concern, and belonging to the person by whom the concern is carried on. Claims to such deductions should be included in the annual return of profits

Where the machinery is let to the person by whom the concern is carried on, on terms that he shall maintain it and deliver it in good condition at the end of the lease, he is deemed to be the owner. Where the lessor has the burden of maintaining and restoring any machinery or plant, he may, within twelve months after the expiration of the year of assessment, claim repayment of such tax deducted from the rent as represents the tax on the diminished value during the year

No deduction or repayment may be allowed in any year if the deduction, when added to the deductions allowed in previous years to the person by whom the concern is carried on, will make the aggregate exceed the total cost to that person of the machinery or plant, including any capital expenditure on the machinery or plant by way of renewal, improvement, or reinstatement.

Where full effect cannot be given to the deduction in any year, owing to there being no profits or gains chargeable in that year, or owing to the profits or gains so chargeable being less than the deduction, the deduction or part to which effect has not been given may be added to the amount of the deduction for the following year, and so on for succeeding years

It has been decided that no allowance may be made where the sums allowed for repairs and renewals are considered by the Commissioners to

cover the loss by reason of wear and tear, or in the case of new plant not yet needing repair. It is now enacted that application may be made to the Board of Referees to adjudicate in cases where any considerable number of persons engaged in any class of trade are dissatisfied with the allowance for wear and tear.

"**Earned Income**" means (a) any income arising in respect of any remuneration from any office or employment of profit, or in respect of any pension, superannuation or other allowance, deferred pay or compensation for loss of office given in respect of the past services of the individual, or of the husband or parent of the individual, in any office or employment of profit, whether the individual or husband or parent shall have contributed thereto or not; (b) any income from any property which is attached to or forms part of the emoluments of any office or employment of profit held by the individual; and (c) any income charged under Schedules B or D, or under the rules of Schedule D, which is immediately derived by the individual from the carrying on or exercise by him of his profession, trade, or vocation either as an individual or, in the case of a partnership, as a partner personally acting therein.

Where an individual carrying on any trade, etc., in partnership with any other person, makes a claim to relief, the income of that individual from the partnership for the year to which the claim relates is deemed to be the share to which he is entitled during that year of the partnership profits, such profits being estimated according to the Income Tax Acts. Income other than "earned" is designated "investment" income.

Friendly Societies. The following exemptions are allowed to any legally established friendly society which is restricted by Act of Parliament or by its rules from assuring to any person any sum exceeding £300 gross or £52 a year by way of annuity.

Under Schedule A in respect of buildings owned by the society (not occupied by any individual whose income amounts to £150 per annum, or by any person paying rent for the same), and in respect of rents and profits of lands belonging to the society; under Schedule C in respect of stock, dividends, or interest; under Schedule D in respect of interest and profits.

Industrial and Provident Societies. A registered society is exempt from income tax under Schedules C and D, unless it sells to persons not being members, and the number of its shares is limited either by its rules or by practice. The exemption does not extend to its employees.

Interest. Interest is a specific object of charge to income tax, irrespective of any gains or losses made in the business concerned.

In the case of yearly interests, annuities, and other annual payments paid out of profits or gains brought into charge to income tax (whether payable within or out of the United Kingdom, whether as a charge on property or as a personal debt or obligation, and whether received and payable half-yearly or at shorter or more distant periods), duty is charged on the person liable to make the payment, who may deduct tax therefrom at the rate or proportionate amount of several rates chargeable in respect of the source of the interest while it was accruing. The relief to earned incomes is not allowed in respect of such payments.

Where no deduction is made, where the interest is paid from profits not charged to income tax, or where it is not received or payable by the period of

one year, duty is to be paid on a sum not less than the full amount arising to the receiver within the preceding year. As regards interest remitted from abroad, see under Schedule D.

In the case of interest secured on rates, an assessment may be made on the officer managing the accounts of the parish, etc., and he is held responsible for doing all acts necessary to an assessment being made.

Upon payment of any interest of money or annuities charged to income tax under Schedule D and not payable or not wholly payable out of profits or gains brought into charge, the person by whom or through whom they are paid is required to deduct thereout the rate of income tax in force at the time of such payment, and to render an account forthwith to the Board of Inland Revenue of the duty so deducted, or of the amount deducted out of so much of the interest as is not paid out of profits or gains brought into charge. Such amount is declared to be a debt from such person to the Crown, and is recoverable as such accordingly.

The General Commissioners may grant a certificate that an assessment has been made to include interest paid out of profits charged under Schedule D, but no certificate may be required for payments made out of profits arising from lands, tenements, hereditaments, or heritages, or out of any annuity, pension, stipend, or dividend in public annuities.

All contracts, covenants, and agreements for the payment of any interest, rent, or other annual payment in full, without allowing the deduction of tax, are by statute made utterly void. Penalties are imposed for refusal to allow any deduction of tax provided for by the Income Tax Acts.

Patent Royalties. In estimating, under any schedule, the amount of the profits and gains arising from any trade, etc., no deduction may be made in respect of any royalty or other sum paid in respect of the user of a patent. The person making the payment is allowed to deduct therefrom a sum equal to income tax thereon at the rate in force while it was accruing. Where the payment is not made out of profits charged to income tax, the deduction may still be made, and the amount deducted is required to be accounted for to the Revenue under the regulations provided for interest similarly not paid out of profits charged. (See under *Interest*, above.)

Returns. Returns are required by a general notice affixed by the assessors on or near the door of the church or chapel and market-house or cross of each parish. This notice requires returns to be delivered within a time limited not exceeding twenty-one days, and is deemed sufficient notice to all residents. A personal notice also is required to be served on persons chargeable.

Every person so required must, within the period mentioned, prepare and deliver a list in writing containing, to the best of his belief, the proper name of every lodger or inmate resident in his dwelling-house.

Every employer, when so required by notice from an assessor, must, within the time limited, prepare and deliver to the assessor a return of the names and residences of any persons employed by him (except those who are not employed in any other employment and whose remuneration for the year does not exceed £160), and of the payments made to them in respect of that employment. When the employer is a body of persons, the secretary, or other officer performing the duties of secretary, is

deemed to be the employer for this purpose, and any director of a company or person engaged in the management thereof is deemed to be a person employed.

Every person chargeable, when so required by any general or personal notice, must, within the period mentioned therein, prepare and deliver to the person appointed to receive it, a true and correct statement, in writing, in the required form, signed by the person delivering the same, containing the annual value of all lands and tenements in his occupation, and the amount of the profits or gains arising to him from every source chargeable to income tax. Such statement should be exclusive of the profits accruing from interest or other annual payment arising out of the property of any other person who ought to be charged therefor.

Any person required to make a return from his residence must at the same time deliver a declaration stating where he is chargeable, and whether he is engaged in any trade, profession, etc. Persons having more than one residence or carrying on trades in different places, or in any place different from their ordinary residence, must deliver returns, if required, in each parish, but may not be doubly assessed.

Any person who ought to deliver any list or statement as aforesaid, but who refuses or neglects to do so within the time limited, or who wilfully delays the delivery thereof, is liable, on information before the Commissioners, to a penalty not exceeding £20 and treble the duty at which he ought to be charged.

Special Assessments to Income Tax. A person chargeable under Schedule D may require to be assessed by the Special Commissioners, provided that he gives notice within the time limited for making returns. The notice must be sent, with his return, to the assessor, who will transmit it to the inspector. The inspector is required to examine the return and to assess the duties he considers to be chargeable. The return and assessment are then forwarded to the Special Commissioners, by whom an assessment is made as they think just. The inspector or the person assessed may object to the assessment so made, in which case the Special Commissioners are required to determine the matter subject to the decision of the Board, if a case is required to be stated to them.

The sum due is notified by the Special Commissioners, and must be paid at the time and in the manner prescribed by them. In default of payment, the Special Commissioners may send a duplicate of the assessment, with their warrant to collect, to the local collector who is required to levy the duties.

Claims to exemption are determined by the General Commissioners and not by the Special Commissioners.

Dominion Income Tax Relief. The Finance Act, 1920, provides for the granting of relief to persons who are liable to suffer United Kingdom income tax and Dominion income tax in respect of the same income. The rate of relief allowed from the United Kingdom tax is the Dominion rate of tax or half the appropriate British rate of tax, whichever is the lower.

The Dominion rate of tax is obtained by dividing the total Dominion tax by the total Dominion income.

The appropriate British rate of tax (income tax and super-tax combined) is obtained as follows—

The total income tax payable (before the deduc-

tion of tax in respect of insurance premiums or Dominion income tax) is divided by the taxable income.

The total super-tax payable is divided by the total income for super-tax purposes.

In the Irish Free State the appropriate rate of tax is obtained by dividing the total tax payable by the total income of the taxpayer.

A company must pass on to its shareholders any relief obtained. Where a person has obtained such relief at a higher rate than is applicable to his case, the excess relief is adjusted on the first £225 of his taxable income.

Unless the taxpayer has established his claim before 1st January, the relief is granted by way of repayment.

Trade Unions. Exemption from income tax under Schedules A, C, and D, in respect of interest and dividends applicable and applied solely for the purpose of providing benefits, is allowed to any trade union which is registered under the Trade Union Acts, 1871, and by whose rules the amount assured to any person shall not exceed £300, or an income to be paid which shall exceed £52 per annum.

INCOME TAX ACCOUNTS.—Early in each year of assessment the local assessor sends to every person, firm or company, which he considers likely to be liable for tax a buff-coloured form, No. I in the case of an individual, No. II for a company, entitled the "Return for Assessment under Schedule D," on which is to be declared the income of the person or firm liable to taxation under this schedule. The form is accompanied by a sheet of instructions for the assistance of the person called upon to supply the return. The form also provides for—

(A) A declaration by any person who has already made a return of his Schedule D income to another assessor or inspector.

(B) A claim for allowance in respect of life assurance premiums or payments under contracts for deferred annuities.

(C) A claim for other allowances to which the taxpayer may be entitled.

(D) A declaration by the precedent acting partner of a firm as to (1) the full description or style of the firm, (2) the place or places of carrying on the concern; (3) particulars of all annuities, interest on loans, patent royalties and other annual charges (excluding life assurance premiums) payable out of the profits or gains, and (4) particulars of the share of each partner in the total profits of the firm after deducting the payments included under the previous head of this declaration.

(E) A declaration as to the place of assessment where the person is engaged in the same trade or profession in two or more places, or where the person carries on his trade or profession in a different parish from that in which he resides.

Where the income is derived from the exercise of any business, profession, or vocation, the amount taxable is neither the actual income of that year nor the income which is expected to be made in that year, but is a "statutory" income, which is the profit of the preceding year, ending on the date (prior to the commencement of the year of assessment) to which the annual accounts have been usually made up, or on the last day of the preceding financial year, but if the business or profession has been set up within the year, the computation is made from the period of commencement. In the case of an individual who is in receipt of a salary, the assessment is made on the amount to be received during

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EXAMPLE NO. 1. SOLE TRADER

Profit and Loss Accounts for the Year Ending 31st December, 1926

	1926		1926
To Wages of Employees	£ 210	By Balance from Trading Account . .	£ 1,630
„ Salaries of Employees	150	„ Interest on Bills and Overdue A/c's	10
„ Net Annual Value of Premises (a) . .	50		
„ Carriage on Sales	60		
„ General Expenses	170		
„ Bank Interest on Overdraft (b) . . .	50		
„ Repairs (a)	12		
„ Interest on Mortgage (c)	10		
„ Chief Rent (c)	5		
„ Charitable Donations (d)	15		
„ Depreciation (e)	90		
„ Bad Debts (f)	10		
„ Doubtful Debts (f)	15		
„ Income Tax (g)	10		
„ Insurance of Stock, Plate-glass, Premises, Burglary, Employers' Liability and Fidelity	15		
„ Coal	12		
„ Lighting	32		
„ Local Rates	15		
„ Water	5		
„ Board of Employees	215		
„ Interest on Capital (h)	150		
„ Loss of Stock by Fire, less amount received from Insurance Company . .	—		
„ Interest on Bills and Overdue Accounts (b)	15		
„ Balance being Profit	324		
Total	£1,640	Total	£1,640

Notes.—(a) The trader has charged the net annual value of his premises (i.e., the net Schedule A assessment, on which amount duty has been paid). He is therefore entitled to charge the cost of repairs.

(b) He could not have deducted tax from Interest on Bank Overdraft, which may fairly be regarded as a trade expense.

This remark applies to Interest on Bills also.

(c) He should deduct tax from these items, which may not therefore be deducted in arriving at the amount of his profit for income tax purposes.

(d) This is not admissible for income tax purposes.

(e) This is not an admissible deduction for income tax purposes. A claim may be made, however, for an allowance in respect of the depreciation of plant and machinery during the year of assessment.

(f) These are presumed to cover specific debts and the deduction may be admitted. Additions to Bad Debts Reserve may not be admitted.

(g) This is regarded as a personal expense of the proprietor, and may not be charged as an expense for income tax purposes.

(h) This is part of the profit and the assessment must be made to include it.

Ex. No. 1. Adjustment for Tax Purposes.

	1926
Balances brought down from Profit and Loss Account	£ 324
Add—charges not allowed—	
Interest on mortgage (c)	10
Chief Rent (c)	5
Charitable Donations (d)	15
Interest upon Capital (h)	150
Income Tax (g)	10
Depreciation (e)	90
Profit for Income Tax purposes	£604

Note.—The assessment for 1927-28 is therefore £604 from which the taxpayer would claim an allowance for wear and tear of plant and machinery and the other allowances to which he is entitled.

the year of assessment; but where a business is being carried on it is necessary to adjust the accounts so that they will show the profits which are deemed to have been made according to the rules laid down for income tax purposes.

The sheet of instructions which accompanies the return for assessment under Schedule D points out that before arriving at profits, deductions are allowed for—

1. Repairs of premises occupied for the purpose of trade, etc.

2. Supply or repair of implements, utensils, or articles employed, not exceeding the sum actually expended for such purposes.

3. Debts proved to be bad; also doubtful debts, according to their estimated value.

4. Rent (or annual value, under Schedule A, if occupied by the owner) of premises used solely for the purposes of business, and not as a place of residence.

5. A proportion not exceeding two-thirds of the rent (or annual value, under Schedule A, if occupied by the owner) of any dwelling-house partly used for the purposes of business.

6 Any other disbursements or expenses wholly and exclusively laid out for the purposes of the trade, etc.,

and that no deductions are allowed in respect of—

(1) Interest on capital.

(2) Annual interest, annuity, patent royalty, or other annual payment (the tax on such interest,

royalty, or annual payment should be deducted from the person to whom the payment is made)

(3) Partners' salaries or withdrawals.

(4) Sums invested or employed as capital in the trade or business, or on account of capital withdrawn therefrom.

(5) Improvements of premises.

(6) Depreciation of land, buildings, or leases

(7) Loss not connected with, or arising out of, the trade or business.

EXAMPLE NO. 2. X, Y, and Z.

Trading and Profit and Loss Accounts for the year ended 31st Dec., 1926.			
Dr.			Cr
	1926		1926
To Stock	£ 4,515	By Sales	£ 31,912
„ Purchases	14,127	„ Stock	4,880
„ Wages	8,312		
„ Balances	9,838		
	£36,792		£36,792
To Partners' Salaries	900	By Balances	b/d 9,838
„ Staff Salaries and Commissions	1,642	„ Interest and Dividends	100
„ Rates and Insurance	341		
„ General Expenses	315		
„ Chief Rent	80		
„ Interest on Loan	50		
„ Bank Interest	6		
„ Interest on Capital	1,000		
„ Depreciation of Leaseholds	200		
„ Depreciation of Machinery at 7½ per cent	325		
„ Depreciation of Furniture at 5 per cent	23		
„ Repairs	226		
„ Bad Debts	148		
„ Patent Royalties	100		
„ Annuity	300		
„ Profits	4,282		
	£9,938		£9,938

EXAMPLE NO. 2. X, Y, and Z.

Adjustment of Profits for Income Tax purposes for 1927-28.

	1926		1926
	£		£
Taxed Income—		Profits as per Profit and Loss A/c	4,282
Interest and Dividend	100	Items not allowed—	
Schedule A Assessment	830	Partners' Salaries	900
Profits for Income Tax purposes	6,330	Chief Rent	80
		Interest on Loan	50
		Interest on Capital	1,000
		Depreciation of Leaseholds	200
		„ of Machinery	325
		„ of Furniture	23
		Patent Royalties	100
		Annuity	300
	£7,260		£7,260

(8) Expenses of maintenance of the persons assessable, their families, or private establishments

(9) Loss recoverable under an insurance or contract of indemnity

(10) Income tax paid on profits or on annual value of trade premises.

(11) Premium for life assurance.

(12) Depreciation of machinery or plant (but an allowance may be claimed for wear and tear, as explained later).

Profits from discounts and untaxed interests and dividends receivable are to be retained at the actual amount of the preceding year

The profits from Colonial and foreign securities and possessions are returnable at the actual amount receivable in the United Kingdom in the preceding year.

To indicate the manner in which accounts are submitted we show several specimens. The first refers to the assessment of a sole trader, given on page 955, the second to a partnership, and the third to a limited company.

EXAMPLE NO. 2. A PARTNERSHIP.

Let us assume that the firm of Messrs. X, Y, and Z are required to make their returns for assessment for the year ending April 5th, 1928, by means of forms delivered to them in April, 1927. There will be four forms served, addressed to (1) the firm; (2) Mr. X; (3) Mr. Y; and (4) Mr. Z.

The firm's accounts are made up annually to December 31st, and on page 956 is a copy of the Trading and Profit and Loss Accounts for the year ended 31st December, 1926, from the firm's private ledger.

To enable the correct return to be made on behalf of the firm, we ascertain that the assessment of the firm's leasehold premises under Schedule A is £1,000 gross and £830 net; also that X is a sleeping partner with a capital of £15,000, on which he receives interest at the rate of 5 per cent. per annum, that Y and Z both take an active part in the business, with salaries of £600 and £300 per annum respectively; that Y's capital is £5,000 (interest at 5 per cent. per annum); that Z has no capital in the business; and that profits are divided as follows: X, three-fourths; Y, one-fifth; and Z, one-twentieth.

The first step is to adjust the balance of the actual profit and loss account, in order to arrive at "income tax profit" for the year. This is done by writing back the items debited in the accounts which are not allowed as deductions for income tax purposes; on the other hand, any income received which has already been taxed, such as dividends on investments, may be eliminated; and the annual value of the premises on which tax has been paid under Schedule A may be charged in lieu of the rent which would have been paid if the firm had not been the owners of the lease of the property.

The Adjustment Account is as shown on page 956.

This gives the profit of £6,330, but from this we may deduct the allowance for wear and tear of machinery and plant at the rate which is agreed upon with the inspector. It should be noted (1) that the wear and tear allowance is always deducted after the profit has been computed; (2) that if the allowance cannot be given effect to in the year to which it relates on account of the smallness or absence of profits, the whole or any balance thereof may be carried forward to be deducted the following year, and so on until the profits are sufficient to

take full advantage of the deduction; and (3) the aggregate allowances for wear and tear must not exceed the actual cost of the machinery and plant to the person carrying on the business. In our example we will assume that the wear and tear allowance is £270. We are now in a position to deal with the firm's return, which must be signed by the precedent acting partner of the firm. The statement of income will show—

Profits of business carried on by X,	
Y, and Z	£6,330
Less claim for wear and tear	270
Net total	<u>£6,060</u>

and Declaration D (Parts III and IV) will show how this amount is divided amongst the parties interested.

Annual Charges payable out of the profits, to persons other than the partners—

Chief Rent	£80
Interest on Loan .. .	50
Patent Royalties .. .	100
Annuity	300
making a total for Part III of ..	530
Leaving to be divided amongst the partners themselves .. .	<u>5,530</u>
	<u>£6,060</u>

Partners' interest on capital and salaries amount to £1,900, so that the sum of £6,330 is divisible in the proportion that actual profits are divided, viz.—

	X.	Y.	Z.
Division of £6,330 .. .	£2,723	£726	£181
Salaries	—	600	300
Interest on Capital .. .	750	250	—
giving the "shares of each partner" for Part IV of the declaration .. .	3,473	1,576	481

We will now deal with the separate returns of each partner, and we learn that (1) X is in receipt of £1,500 a year from investments, and that his wife has an income of £6,000 from settled investments; (2) Y has an income of £900 a year from investments; (3) Z has no other income, but he has three children under the age of sixteen years; (4) and life assurance premiums are paid as follows: X, £1,200; Y, £530; and Z, £25. (See page 958.)

Each partner will return his share of the firm's profits in his separate "statement of income," and at the foot of the same page would state full particulars of, and sign the claim in respect of any allowances to which he is entitled. These allowances will be made from the firm's assessment.

The tax paid under Schedule A, and by deduction from income received on investments, should be borne by the partners in the proportion in which they share profits.

Where any trade, profession, or vocation has been set up or commenced during the year of assessment the computation is made either on the full amount of the profits or gains arising during the year of assessment or according to the average of such a period. Where such a business has been set up within the year preceding the year of assessment the computation is made on the profits or gains for one year from the period of the first setting up of the same.

	X.			Y.			Z.		
	£	s.	d.	£	s.	d.	£	s.	d.
Shares of the Firm's Schedule D Return	3,473	0	0	1,576	0	0	481	0	0
Shares of the Firm's Interests and Dividends receivable in the year 1926	75	0	0	20	0	0	5	0	0
Shares of the Firm's Schedule A Assessment	622	10	0	166	0	0	41	10	0
Income from Investments	1,500	0	0	900	0	0	—	—	—
Wife's Income	6,000	0	0	—	—	—	—	—	—
Total Incomes of the Partners	11,670	10	0	2,662	0	0	527	10	0

By giving notice in writing within twelve months after the end of the first and second years, the assessments may be amended to the actual profits of such years

If tax has been paid on the amount assessed any amount overpaid may be reclaimed

Where a business is discontinued tax is charge-

able on the actual instead of the assessed profits of the final year, and any excess amount paid may be reclaimed

For the year preceding the closing year the assessment may be increased but not reduced to the actual profits of such year.

Where at the end of a year of assessment it is

EXAMPLE NO. 3. LIMITED LIABILITY CO. (MANUFACTURING).

Particulars	1926	Particulars.	1926
To Repairs and Maintenance ..	1,000	By Sales ..	26,000
„ Depreciation Reserve (a) ..	500	„ Rents from Buildings (m) ..	100
„ Light and Water ..	300	„ Transfer Fees ..	5
„ Legal Charges (b) ..	25	„ Dividends on Shares (n) ..	25
„ Income Tax Sch. D (c) ..	1,100	Interest on Debentures (n) ..	50
„ Do Sch A (c) ..	90	Interest on Deposit ..	20
„ Ground Rent (d) ..	40	„ Sundry Receipts ..	40
„ Goodwill (e) ..	500	„ Premium on Debentures issued at 105 (o) ..	50
„ General District and Poor Rates (m) ..	50		
„ Preliminary Expenses (e) ..	250		
„ Underwriting Commission (e) ..	250		
„ Auditors' Fees ..	20		
„ Discount on Debentures issued at a discount (e) ..	25		
„ Brokerages on Shares (e) ..	10		
„ Printing and Stationery ..	25		
„ Administration and Office Expenses ..	3,000		
„ Debenture Interest (f) ..	150		
„ Bank Interest (g) ..	20		
„ Railway Carriage and other trans- port charges ..	50		
„ Office Furniture (h) ..	25		
„ Directors' Fees (i) ..	100		
„ Renewals (h) ..	600		
„ Trustees Fees (i) ..	50		
„ Insurance ..	50		
„ Bad Debts ..	30		
„ Loss upon Sale of Investment (l) ..	20		
„ Balance ..	18,010		
	£26,290		£26,290

ascertained that a loss has been sustained, a claim may be made to either (1) repayment of tax on or reduction of assessment by the amount of such loss; or (2) repayment of the tax actually paid, or cancellation of the assessment if the actual loss equals or exceeds the amount of the assessment. In the former case, the loss cannot be taken into account in arriving at subsequent assessments, and in the latter only the balance of the loss, which is not covered by the repayment (or discharge of the assessment), may be deducted from future assessments.

Schedule E relates to the salaries, pensions, annuities, remuneration, and fees paid to persons in respect of offices or employments under the State, corporations, public bodies, companies, and private firms.

In the case of Government officials the tax is collected by the authorities by way of deduction, and the same method is adopted as regards the officials of railway companies, whose salaries are assessed on the company at the head office. In other cases, the assessment is made direct on the taxpayer, based on information supplied to the local assessor by both the employer and the employee. The tax under this schedule is charged upon the actual profits of the year of assessment.

Expenses which are wholly, exclusively, and necessarily incurred in the performance of the duties of the office or employment are allowed as a deduction from the gross profits, in order to arrive at the amount assessable.

Where an income taxable under Schedule E fluctuates, either wholly or in part, as where a manager for a limited company is remunerated by a fixed salary and a percentage on the profits, it is, of course, impossible to state in advance the amount of such "actual profits of the year of assessment," and in order to avoid the necessity of annual adjustments of the assessments when such actual profits are ascertained, the practice is to include the fluctuating part of the income at the amount received in respect thereof during the completed year next preceding the commencement of the year of assessment, so long as the basis of calculation remains the same. For example, the salary of a manager of a company is a fixed sum of £500 a year, together with a commission or bonus depending on trading results, and which amounted to, say, £230 for the year ended December 31st, 1926. The assessments (exclusive of any abatements or allowances to which he may be entitled) would fall to be made as follows—

For the financial year to—	Fixed Salary	Com- mission.	Total.
April 5th, 1928	£500	£230	£730

Directors' fees are taxed under this schedule, and the tax thereon should be collected from the directors personally. When all incomes were liable to tax at the same rate, it was not unusual for the company to pay the tax and then deduct the same when paying the fees, unless the fees were payable "free of tax," in which case the tax was really additional remuneration; but since the principle of differentiation was introduced, directors' fees are only liable at the appropriate rate for the "earned income" of each separate director, and the application of the old method is consequently not desirable.

Ex No 3 Adjustment.

	1926
Balance of amount	£18,010
<i>Add inadmissible charges—</i>	
Depreciation Reserve (a)	500
Legal Charges (b)	25
Income Tax, Schedule D (c)	1,100
Do Schedule A (d)	90
Ground Rent (d)	40
Goodwill (e)	500
Preliminary Expenses (e)	250
Underwriting Commission (e)	250
Discount on Debentures (e)	25
Brokerages on Shares (e)	10
Debenture Interest (f)	150
Furniture (h)	25
Renewals (h)	600
Loss on Investments (i)	20
	21,595
<i>Deduct taxed income and charges not made but admissible—</i>	
Dividends (n)	25
Interest on Debentures (n)	50
Premium on Debentures issued (o)	50
Annual Value of Premises	450
	575
Profits for Income Tax purposes	£21,020

It is assumed that £400 is due for wear and tear. The assessment for 1927-1928 is therefore £21,020 - £400 = £20,620.

INCOMMENSURABLE.—This is a word used chiefly in mathematics, and signifies a number which cannot be represented as a definite fraction, i.e., the ratio cannot be expressed by two whole numbers. The roots of the vast majority of numbers—square, cube, or higher—are incommensurable. So also is the circumference of a circle as compared with the diameter.

INCONVERTIBLE PAPER CURRENCY.—This is the name given to paper money which cannot be converted into cash at its face value on demand, but which must be accepted as representing the value which is printed upon it. When paper money is inconvertible it usually falls in value, since it is uncertain whether the obligation of the issuer will be carried out. In reality the paper is at a discount, though it is often said under such circumstances that gold and silver are at a premium. The discount is first noticeable in the foreign exchanges because the paper currency is not enforceable upon the foreigner. It is only legal tender at par internally. The foreigner sees that more paper promises to pay are being issued than the gold cover held and begins to demand more paper in exchange for his own gold unit. The rates rise and therefore so does the cost of imports. More paper units are paid for the same article imported from a gold standard country and the cost of living follows in the same proportion. The remedy bringing a lowering of prices and a return to normal exchange rates is the reverse process—deflation. An inconvertible paper currency is not bound to be a terrible evil. We have had one in this country and found it economical and convenient. Provided the credit of the issuing country is good and the

volume of paper in circulation is kept a reasonable proportion of the gold reserve, prices and exchanges can be maintained quite stable with gold.

INCORPORATED COMPANIES.—The idea of the formation of joint-stock companies is not at all modern. The associations or companies established before 1862, however, were on a peculiar footing, and may be divided into two classes—incorporated and unincorporated. Incorporated companies were, in fact, corporations (*q.v.*), and were created either by Royal Charter or by a special Act of Parliament.

The granting of a charter of incorporation is a special prerogative of the Crown which remains to the present day, though its exercise is of very rare occurrence, and is brought into play only when peculiar powers are required by the company seeking incorporation. Among the best known instances of companies incorporated by Royal Charter are the East India Company, 1600, the Bank of England, 1694, and the British South Africa Company, 1859.

The formation of companies by special Acts of Parliament arose out of the movement for the construction of canals in England in the middle of the eighteenth century. The construction of railways in the early part of the nineteenth century caused the companies incorporated by special Acts to multiply, and later on other companies which undertook the working of docks, tramways, etc., sought for and obtained incorporation in the same way. The number of companies seeking incorporation and requiring similar powers eventually became so great that Parliament passed a number of Acts—such as the Companies Clauses Consolidation Act, 1845, the Railway Clauses Act, 1845, the Land Clauses Consolidation Act, 1845, and various others—to meet their peculiar requirements, where these requirements were of the same kind, thus saving the expense which would otherwise have been entailed if each company had been compelled to procure a lengthy special Act on its own account. Each new company took advantage of these Acts, and incorporated the provisions of them in its own special Act by reference.

Although companies incorporated by Royal Charter or by a special Act of Parliament are in many respects similar in their powers to joint stock companies, there are some points in which they differ. A full knowledge of their powers and their privileges can be gained only from a careful study of the Charter or the special Act, as the case may be. There are, however, two peculiarities as to chartered companies which may be noticed: (a) The members are not, generally speaking, liable at common law for the debts of the chartered company, and (b) The chartered company has all the rights and powers of an ordinary person, which cannot be modified by anything contained in the charter of incorporation in limitation of them; though it is always possible for the Crown to cancel the charter of incorporation in case there is an exercise of powers exceeding those granted by the charter. On the other hand, in the case of a joint-stock company: (a) The members of the company are liable for the debts of the company up to the nominal value of the shares which they have taken, or up to the amount of the guarantee which they have given; and (b) the business

capacity of such a company depends entirely upon the memorandum of association, and thus cannot be exceeded by the directors, or, if exceeded, cannot be ratified.

Companies incorporated by special Acts of Parliament more closely approach joint-stock companies than chartered companies, yet, here again, one or two points of difference are worthy of notice. Thus, companies incorporated by Act of Parliament are (a) Limited as to their powers by their special Act, but at the same time they are not restrained from committing what would be held to be nuisances without parliamentary sanction; (b) Under a peculiar kind of liability, as far as the individual members are concerned, if execution is levied against the company and is not satisfied, (c) Limited as to their borrowing powers, and (d) Unable to transfer their rights except by consent of Parliament. In the case of a joint-stock company, (a) The powers of the company, as already pointed out, are limited by the memorandum of association, (b) The liability of the members is limited by the nominal value of their shares or by their guarantee, (c) The borrowing powers of the company are only limited by the express terms, if any, contained in the memorandum of association; and (d) There is no restriction as to the transfer of the whole undertaking of the company unless the memorandum makes one. (See COMPANIES.)

INCORPORATED LAW SOCIETY.—(See LAW SOCIETY.)

INCORPORATION, CERTIFICATE OF.—(See CERTIFICATE OF INCORPORATION.)

INCREASE OF COMPANY'S CAPITAL.—An increase of capital may be either of the subscribed capital or of the authorised capital. In the former case it merely means an issue of further shares in the capital already authorised, and this requires the consent of the directors only. If the increase is to be of the authorised capital then the Companies (Consolidation) Act must be complied with. Sect. 41 states that the company may, if so authorised by its Articles, increase its share capital by the issue of new shares of such amount as it thinks expedient. If the Articles do not contain the necessary authority, these will have to be altered. When the resolution authorising the increase has been passed, notice of the increase must be given to the Registrar within 15 days. It must be on the prescribed form, impressed with a fee stamp and also a registration stamp of 5s. A statement of the increase in capital is also required, the stamp on this document being at the rate of £1 for every £100 of capital, plus a registration stamp of 5s. In the issue of the new share capital, regard must be had to any articles which relate to share capital, e.g. they may provide that the new shares shall first be offered to existing shareholders.

INCREMENT, UNEARNED.—A term used to signify the increase in value of land which results from independent causes and not from any special expenditure of labour or money laid out upon it. Take an illustration. Land increases in value because of an increase in population, the demand being greater. This is an instance of unearned increment. It has been a matter of great controversy whether this increment should belong to the owner of the soil or to the public generally